AGENDA

REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, TO BE HELD SEPTEMBER 20, 2016, AT 6:00 PM., AT THE COUNCIL CHAMBERS BUILDING, 826 NORTH MAIN STREET, COTTONWOOD, ARIZONA.

- I. CALL TO ORDER
- II. ROLL CALL
- III. PLEDGE OF ALLEGIANCE
- IV. BRIEF SUMMARY OF CURRENT EVENTS BY MAYOR, CITY COUNCIL AND/OR CITY MANAGER -- THE PUBLIC BODY DOES NOT PROPOSE, DISCUSS, DELIBERATE OR TAKE LEGAL ACTION ON ANY MATTER BROUGHT UP DURING THIS SUMMARY UNLESS THE SPECIFIC MATTER IS PROPERLY NOTICED FOR LEGAL ACTION.
- V. INTRODUCTION OF NEW EMPLOYEES
 - CAROLYN PETTENGILL--ADMINISTRATIVE ASSISTANT (COMMUNITY DEVELOPMENT)
- VI. CALL TO THE PUBLIC--This portion of the agenda is set aside for the public to address the Council regarding an item that is not listed on the agenda for discussion. However, the Council cannot engage in discussion regarding any item that is not officially listed on the agenda for discussion and/or action (A.R.S. §38-431.02(H).) Comments are limited to a 5 minute time period.

Comments regarding items listed on the agenda are limited to a 5 minute time period per speaker.

- VII. CONSENT AGENDA--The following items are considered to be routine and non-controversial by the Council and will be approved by one motion. There will be no separate discussion of these items unless a Council Member or a citizen so requests, in which case the item will be removed from the Consent Agenda and considered in its normal sequence on the Agenda.
 - 1. RESOLUTION NUMBER 2855--APPOINTING ALBERT C. HILBERGER A MEMBER OF THE INDUSTRIAL DEVELOPMENT AUTHORITY BOARD.
- VIII. NEW BUSINESS—The following items are for Council discussion, consideration, and possible legal action.
 - 1. RESOLUTION NUMBER 2856--APPOINTING A MEMBER TO THE PLANNING & ZONING COMMISSION.
 - 2. PROPOSED AWARD OF CONTRACTS FOR JOB ORDER CONTRACTING SERVICES
 - ENCROACHMENT AGREEMENT TO ALLOW THE CONSTRUCTION OF OVERHANGING BALCONIES/DECKS FOR THE

COMMERCIAL/RESIDENTIAL BUILDING THAT ARE PART OF THE LAMAIN, LLC, PROJECT LOCATED AT 920 NORTH MAIN STREET IN OLD TOWN.

- 4. PROPOSED AWARDS OF THE CITY'S FY 2017 BUILDING COMMUNITY GRANT FUNDS.
- LEASE EXTENSION FOR THE OLD TOWN JAIL LOCATED AT 1101 NORTH MAIN STREET.
- 6. AUTHORIZATION TO PROCEED WITH THE PROPOSED ANNEXATION OF PORTIONS OF 13 RESIDENTIAL PROPERTIES THAT ARE CURRENTLY PARTIALLY WITHIN YAVAPAI COUNTY.
- IX. CLAIMS AND ADJUSTMENTS
- X. ADJOURNMENT

Pursuant to A.R.S. 38-431.03.(A) the Council may vote to go into executive session on any agenda item pursuant to A.R.S. 38-431.03.(A)(3) Discussion or consultation for legal advice with the attorney or attorneys of the public body.

The Cottonwood Council Chambers is accessible to the disabled in accordance with Federal "504" and "ADA" laws. Those with needs for special typeface print or hearing devices may request these from the City Clerk (TDD 634-5526.) All requests must be made 24 hours prior to the meeting.

Members of the City Council will attend either in person or by telephone conference call.

Notice is hereby given that pursuant to A.R.S. 1-602.A.9, subject to certain specified statutory exceptions, parents have a right to consent before the State or any of its political subdivisions make a video or audio recording of a minor child. Meetings of the City Council are audio and/or video recorded, and, as a result, proceedings in which children are present may be subject to such recording. Parents in order to exercise their rights may either file written consent with the City Clerk to such recording, or take personal action to ensure that their child or children are not present when a recording may be made. If a child is present at the time a recording is made, the City will assume that the rights afforded parents pursuant to A.R.S. 1-602.A.9 have been waived.

City of Cottonwood, Arizona City Council Agenda Communication



■ Print

Meeting Date: September 20, 2016

Subject: Resolution Number 2855--Appointing Albert C. Hilberger a

Member of the City's Industrial Development Authority Board.

Department: City Clerk

From: Marianne Jiménez, City Clerk

REQUESTED ACTION

Approval of Resolution Number 2855, appointing Albert C. Hilberger to fill a vacancy on the City's Industrial Development Authority (IDA) Board for the remainder of a two-year term.

SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is:

"I move to approve Resolution Number 2855, appointing Albert C. Hilberger to the City's IDA Board for the remainder of a two-year term which expires November 7, 2017."

BACKGROUND

The Industrial Development Authority was formed in 1985 to expand manufacturing, industrial, and commercial enterprises within the City of Cottonwood. It is a means for qualifying applicants to locate or improve qualified projects in the City through the use of industrial development bonds.

The IDA Board is a five-member board whose members serve staggered terms of two, four, and six years.

Linda Norman had to resign as a member of the City's Industrial Development Authority due to her appointment to the City Council. Albert C. Hilberger has submitted a Board/Commission application for the opening.

JUSTIFICATION/BENEFITS/ISSUES

COST/FUNDING SOURCE

N/A

ATTACHMENTS:		
Name:	Description:	Type:
<u>D</u> <u>9-20-</u>		

16_Hilberger_IDA_Board_Application.pdf	Hilberger Board Application	Cover Memo
<u>res2855.doc</u>	Resolution Number 2855	Cover Memo



CITY OF COTTONWOOD 816 NORTH MAIN STREET COTTONWOOD, AZ 86326 Phone (928) 340-2713 Fax (928) 634-3727 Revised November 25, 2013

APPLICATION FOR INDUSTRIAL DEUBLOPHENT AUTHORITY
NAME HILBERGER (BOARD/COMMISSION/COMMITTEE) CARL
MAILING ADDRESS (Route or Box) (First) (Corrolation) (State) (State) (Zip)
STREET ADDRESS (Route or Box) (City) (State) (Zip) (Number & Street) (City) (State) (Zip)
HOME PHONE WORK/MESSAGE PHONE 928/204-3833
EMAIL ADDRESS:
NOTE: Please check below which items of your personal information we may release to the public, if requested (we recommend at least one):
☐ Mailing Address ☐ Street Address
☐ Home Phone ☐ Work/Message Phone ☐ Email Address
PLEASE TYPE OR PRINT CLEARLY IN INK ONLY.
Professional Memberships, Registrations, Licenses, Etc. GENERAL CONTRACTORS
LICENSE (INACTIVE) POPEKS AND RECEBOTION COMMISSION. MEMBER FOR 3 YEARS, LICENSED REDLESTATE AGENT IN
Arizora
Education A.A.IN BUILDING CONSTRUCTION AND SALUTATORIAN
OF MY GRADUATING CLASS - NUMBROWS HOWDRS AND AWARD.
BUILDING INSPECTION CLASSES AT SADDLEBACK COLLEGE.
Work Experience LABORER, CARPBUTER, SUPERINTENDENT, PROJECT
MANAGER, VICE PRESIDENT, AND SOF ONTHE BOARD GE
DIRECTORS FOR A LARGE CONSTRUCTION COMPANY-PRESIDENT
OF MY OWN CONSTRUCTION CONDANY

Application for (Board/Commission/Committee) Page 2

Please describe your qualifications for serving on Board/Commission/Committee: THREE YEARS
ON THE POTEKS AND RECREPTION COMMISSION. MEMBER OF
THE BOARD OF DIRECTOR FOR A LARGE CONSTRUCTION CO.
PRESIDENT OF MY OWN CONSTRUCTION COMPANY. OVER 50
YEARS OF BUSINESS AND MANAGEMENT EXPERIENCE.
List any community service organizations or projects you have been involved with (include a brief description of activities): VOLUTEER AT UERDE VALLEY MEDICAL CELTER IN UPRICES
DEPARTMENTS. CURRENTHY ENROLLED IN THE CITIZEN POLICE
ACADEMY. VOLUNTEER TO HELP INDIVIDUALS IN NERD.
Have you ever been convicted of, or pled "no contest" to <u>any</u> crime, including any convictions that were later set aside or expunged? YES NO
Does the City of Cottonwood employ any relative of yours? YES NO Sou 13 Maintenance Supercisor of the Rec. Center Are you currently a resident of Cottonwood? If so, how long have you been a resident of the City?
489 - SIX YEARS
Signature Date 9/9/2016

NOTE: All applicants are strongly encouraged to attend the Council meeting at which their application will be considered. It is important for Council members to be able to assess applicants' qualifications and backgrounds during the selection process, and be able to ask questions for clarification.

Generally, the Council will conduct a brief interview process during the Council meeting.

Council meetings are held the first and third Tuesday of every month. Council agendas can be found under the City Council tab on the City website: www.cottonwoodaz.gov.

RESOLUTION NUMBER 2855

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, APPOINTING ALBERT C. HILBERGER A MEMBER OF THE INDUSTRIAL DEVELOPMENT AUTHORITY BOARD FOR THE CITY OF COTTONWOOD AND ESTABLISHING HIS TERM OF OFFICE.

WHEREAS, in accordance with Resolution Number 902 the Town Council approved the incorporation of an Industrial Development Authority (IDA) for the Town of Cottonwood and appointed an Industrial Development Authority Board; and

WHEREAS, Linda Norman has resigned as a member of the IDA due to her appointment to fill a vacancy on the City Council; and

WHEREAS, the term of Linda Norman as a member of the Industrial Development Authority Board expires November 7, 2017; and

WHEREAS, it therefore is necessary to appoint a new member to said Industrial Development Authority Board.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA:

THAT, Albert C. Hilberger is hereby appointed a member of the Industrial Development Authority Board for the City of Cottonwood to fill the remainder of a two-year term which expires November 7, 2017.

PASSED AND ADOPTED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, THIS 20TH DAY OF SEPTEMBER 2016.

	Karen Pfeifer, Vice Mayor
APPROVED AS TO FORM:	ATTEST:
Steven B. Horton, Esq., City Attorney	Marianne Jiménez, City Clerk

City of Cottonwood, Arizona
City Council Agenda Communication



■ Print

Meeting Date: September 20, 2016

Subject: Planning and Zoning Commission Appointment

Department: City Clerk

From: Berrin Nejad, Community Development Manager

REQUESTED ACTION

Appointment to fill one (1) vacant seat on the Planning and Zoning Commission.

SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is:

"I move to approve Resolution Number 2856 appointing ______ a member of the City of Cottonwood Planning and Zoning Commission for the reminder of a three-year term that expires December 31, 2017."

BACKGROUND

The Planning and Zoning Commission has been meeting on the third Monday of each month. Its functions include making recommendations to the City Council on matters such as rezoning, annexations, and General Plan Updates; and final decisions on applications for Conditional Use Permits and Design Review.

Appointments

The P&Z Commission seats are currently held by:

1.	Ed Kiyler (C	Chair)	Term Expires:	01-08-17
2.	Robert Williams	(Vice-Chair)	Term Expires:	01-20-19
3.	Judd Wasden		Term Expires:	01-08-17
4.	Jean Wilder		Term Expires:	01-20-19
5.	Vacant		Term Expires:	12-31-17

6. Suzanne Posliko Term Expires 01-20-19

7. Thomas Narwid Term Expires : 01-08-17

The City received two (2) applications to fill a seat on the Commission that was recently vacated. Commissioner Raymond Cox submitted his resignation due to a job opportunity in another state. The Council has the option to make the appointment from the submitted applications or to continue seeking applicants. Candidates for the position include the following:

Robert Hart

John Peterkin

JUSTIFICATION/BENEFITS/ISSUES

Prospective members should have demonstrated significant interest in and commitment to the field of Planning and Zoning, and City of Cottonwood's development.

ISSUES

There are two (2) applications, but only one (1) open seat.

IMPLEMENTATION

The City Clerk administers the oath of office to the appointee at least 24 hours prior to the October 17, 2016, Planning and Zoning Commission meeting.

COST/FUNDING SOURCE

N/A

ATTACHMENTS:			
Name:	Description:	Type:	
B 8-4 16 Robert Hart REDACTED.pdf	Robert Hart Application	Cover Memo	
2016-7- 12_John_Peterkin_REDACTED.pdf	John Peterkin Application	Exhibit	
<u>□ Res2856.doc</u>	Resolution Number 2856	Cover Memo	



APPLICATION FOR LAHING

RECEIVED AUG 0 4 2016 CITY OF COTTONWOOD 816 NORTH MAIN STREET COTTONWOOD, AZ 86326 Phone (928) 340-2713 Fax (928) 634-3727 Revised November 09, 2015

COMMISION GEST

	(BOA	ARD/COMMISSION/COMM	NITTEE)	30.4
NAME_	HART	ROBERT	ALEXANDER	3
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WAILING	G ADDRESS (Route or Box)	(City)	(State)	(Zip)
STREET	ADDRESS		(33)	(=-P)
	(Number & Street)	(City)	(State)	(Zip)
HOME P	HONE 928/640	7-602@work/n	MESSAGE PHONE	
EMAIL A	ADDRESS: rhart4	@coble	one net	
	NOTE: Please check below w	hich items of your perso	onal information we ma	v release
	to the public, if requested (we			, , , , , , , , , , , , , , , , , , , ,
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	_ Home Phone	Work/Message Pho	ne _ Email Addre	ess
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PLEASE	TYPE OR PRINT CLEARLY	' IN INK ONLY.		
Profession	nal Memberships, Registrations,	Licenses Etc		
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Work Exp	perience SEE RESUL	F		
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Application for (Board/Commission/Committee) Page 2

Please describe your qualifications for serving on Board/Commission/Committee:
List any community service organizations or projects you have been involved with (include a brief description of activities):
Have you ever been convicted of, or pled "no contest" to <u>any</u> crime, including any convictions that were later set aside or expunged? YESNO
Does the City of Cottonwood employ any relative of yours? YES NO
Are you currently a resident of Cottonwood? If so, how long have you been a resident of the City? 5 YEBRS
Signature Date Ava 4, 1916

NOTE: All applicants are strongly encouraged to attend the Council meeting at which their application will be considered. It is important for Council members to be able to assess applicants' qualifications and backgrounds during the selection process, and be able to ask questions for clarification.

Generally, the Council will conduct a brief interview process during the Council meeting.

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SUMMARY

Experience in progressively advanced positions of responsibility on a large variety of projects: hospitality, hospitals, shopping centers, large commercial complexes, schools and custom residential. Those responsibilities included design, general supervision, inter-discipline coordination, specification writing, reports, code analysis and construction supervision.

EXPERIENCE

Langdon & Wilson Architects, Project Architect, Oct 2006 to Sept 2007

Provided quality control for hospitals and hospitality projects. Reviewed documents for conformance with Building Codes and office standards. Mentored junior architects. Projects include Tahiti Village, Las Vegas, Olive View Hospital Emergency Expansion and Acute Care Unit, Sylmar and South Sura, a 1,000 bed hospital in Kuwait.

Leidenfrost/Horowitz & Associates, Project Architect, Feb 2005 to Oct 2006

Provided construction administration and quality control for large shopping center projects. Reviewed shop drawings and prepared change orders. Reviewed documents for building and planning code and for conformance with LHA standards and constructability.

Richard Chong & Associates, Project Architect and Los Angeles Office Manager, Nov 2003 to Feb 2005

Managed the Los Angeles branch office. Worked on the production of construction documents for the San Fernando Valley Rapid Way bus stations and platforms for the MTA as well as construction documents for two Big Lots stores located in Las Vegas among other projects. Aided in preparation of documents for Irwendale ARB for Foothill Transit facility.

TJD-JI, South Korea, Project Architect, Jan 2002 to Nov 2003

Designed and managed the production of construction documents for the US military in South Korea. Projects designed included an Aquatics Park for Camp Humphreys, Community Club for Camp Humphreys, Barracks for Yongsan, Contingency Dining Facility or Camp Carroll, Youth Center for Hannam Village, and numerous site adaptations of standard designs to meet anti-terrorist blast- resistance criteria.

Flair Architects, Project Architect, July 2001 to Oct 2001

Developed proposals for city parks and supervised production of construction documents. Checked housing tract plans for practical use and constructability. Supervised updating of detail library.

Greenberg Farrow, Project Architect and Project Manager, Oct 1996 to July 2001

Managed the design and production of construction documents for Home Depot's projects for the North-West Region of the United States. Made presentations to building departments and dealt with same through acquisition of building permits. Traveled extensively in pursuit of these goals.

Vinelle, Brown & Root, Incirlik Air Base, Turkey, Lead Architect, Jan 1994 to Jan 1996

Oversaw multiple design projects by Turkish Architectural and Engineering firms and executed in-house design projects for Base Civil Engineering. Architectural Consultant for development of Base Comprehensive Plan Architectural Compatibility Study, basically a small city planning project. As Carpet Monitor, approved and monitored of all carpet installed on base and developed a spread sheet with data regarding all carpet on base. Provided architectural photographic service for Civil Base Projects Support.

Clair Earl Associates, Project Architect, Jan 1987 to Jan 1993

Met with clients, developed multiple schematic designs for 10,000+ S.F. homes, managed production of structural drawings and other construction documents, interfaced with applicable building departments and provided construction supervision. Advised clients regarding resolution of client/contractor conflicts during the building phase. Made all residential presentations to the Glendale DRB' Projects include: Van Halen Residence (12,000 S.F.); Carter Residence (17,000 S.F.); addition and remodel of a Wallis Neff house.

Lucky Homes, Chief Architect, Aug 1986 to Jan 1987

Hired to head a future Architectural Division, I did all site research and investigations. Based on research and the client's needs, I designed homes and additions, managed the production of construction documents and saw that they were approved by the applicable building departments. Began setting up the organization for the future separate architectural department, but the office failed before the Plan could be implemented.

Ernest P. Howard & Assoc., Project Coordinator, June 1984 to Aug 1986

Managed production of construction documents, did code analysis, and reviewed new design proposals for residential, school, library and commercial projects. Checked military construction documents for conformance to U.S. Naval Facilities standards.

ROBERT A. HART, ARCHITECT (continued)

Robert A Hart, Design Consultant, July 1982 to June 1984

Provided architectural services for a variety of projects including custom residences, remodels, multi-family complexes, restaurants and commercial buildings. Designed and prepared code analysis, construction documents and did site supervision. Projects included: Riviera Finance Company Headquarters, Burbank, CA; Burger Depot Restaurant, Pasadena, CA; Crocker Bank Expansion, San Diego, CA.

Ralph M. Parsons Co., Ltd., Yanbu Industrial City, Saudi Arabia, Senior Project Engineer, 1982

We were building a city from scratch which had been divided in to five sections with each segment being designed by large international design firms. Monitored progress of contract documents and reviewed shop drawings by those firms. Verified progress of work at sites. Reviewed new design proposals and suggested alternatives. Prepared progress reports and assisted in presentation of same to the King's Representative and Director of Community Development.

The Ralph M. Parsons Co., Project Coordinator, 1980 to 1982

Prepared feasibility studies. Did code analysis, fire protection and other reports to be submitted to the Alaskan Fire Marshall. Checked and coordinated work between disciplines and clients. Projects included: North Slope Project Facilities for Atlantic Richfield Company, Prudhoe Bay, Alaska and Martinez Auxiliary Facilities, Shell Oil Company, Martinez, California.

The Ralph M. Parsons Co., Saudi Arabia, Design Consultant, 1980

Redesigned Chevron Oil's American compound for Rihad and rewrote the specifications after it had gone over budget. Worked with the head of Chevron in Saudi Arabia in his negotiations with the contractor to assure that the design would be built for agreed price.

EDUCATION

BA in Architectural Design

California State Polytechnic University, San Luis Obispo, CA

Construction Specification Institute, Los Angeles, CA

Courses: Principles and Practices of Specification Writing; Construction Contracts and

Specifications.

July, 1986 to March 1987

Ph.D. Candidate

Glendale University College of Law, Glendale, CA

April, 1995 to 2001

Incirlik Air Base

Basic Excel & Power Point

CADD Training and Resource Center, Beginning Microstation CADD Training and Resource Center, Advanced Microstation

RBI's Carpet Installation Seminar CADD Training, Autocad 2000

April, 2003

TJD-JI

Course: Globetech Group, Inc., AHERA Asbestos Project Designer Initial Training Course.

Certificate No. GGI-APO-641803-12M

REGISTRATION

Registered Architect #C-11174



CITY OF COTTONWOOD 816 NORTH MAIN STREET COTTONWOOD, AZ 86326 Phone (928) 340-2713 Fax (928) 634-3727 Revised November 25, 2013

APPLICATION FOR	Planning and Zoning			
		COMMISSION/COMM	IIITEE)	
NAME Peterkin, John, (O.		COMMISSION COMM	urree,	
(Last)		(First)	(Middle)
MAILING ADDRES	S			
	(Route or Box)	(City)	(State)	(Zip)
STREET ADDRESS	(Number & Street)	10:43	(0, 1)	(7:)
	(Number & Street)	(City)	(State)	(Zip)
HOME PHONE WORK/MESSAGE PHONE				
EMAIL ADDRESS:	johnyyuma@hotmail.cor	n		
to the publ	ase check below which lic, if requested (we rec	ommend at least on	e):	y release
	Mailing Address	Street	Address	
	Home Phone	Work/Message Pho	ne 🗹 Email Addre	155
	PRINT CLEARLY IN		ropological Association, Society of A	imerican Archaeologists
Education High School, Kof	ia High 1974, Yuma Arizona, Colle	ge, Bachelors in Anthropolog	y and Archaeology 1978, Norther	m Arizona University
	ars experience working as a pr			
Except for a 10 year stir	nt as the owner/operator of	f a small bed and brea	kfast hotel and import/exp	ort of Brazilian
gems and Amazonian t	tribal art, Ouro Preto, Mir	nas Gerais, Brazil.		

(Please continue on reverse side)

Application for (Board/Commission/Committee) Page 2

Please describe your qualifications for serving on Board/Commission/Commi	ittee: As a 20 year resident
of Old Town I was surprised to learn that we were not represented on the Plannin	ng and Zoning Commission.
I was encouraged to apply by several members of the community because of	f my long time commitment
to my neighborhood and the valley we live in. As an anthropologist I know that	at a sustainable community
is a well balanced combination of private, public and commercial	interests.
List any community service organizations or projects you have been involved description of activities): Verde River Vally Nature Organization	with (include a brief
AzRiffs.com on-line entertainment, dining and shopping guide for the Verde V	/alley, blog and data entry.
Have you ever been convicted of, or pled "no contest" to <u>any</u> crime, including later set aside or expunged?	
Does the City of Cottonwood employ any relative of yours?	S NO
Are you currently a resident of Cottonwood? If so, how long have you been a	resident of the City?
20 years in Old Town	
Signature Dat	e_8/8/2016

NOTE: All applicants are strongly encouraged to attend the Council meeting at which their application will be considered. It is important for Council members to be able to assess applicants' qualifications and backgrounds during the selection process, and be able to ask questions for clarification.

Generally, the Council will conduct a brief interview process during the Council meeting.

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RESOLUTION NUMBER 2856

A RESOLUTION OF THE MAYOR A OF COTTONWOOD, YAVAPAI CO	
ZONING COMMISSION AND ESTA	
WHEREAS, Raymond Cox has resign Commission and his term does not expire ur	ed as a member of the Planning and Zoning atil December 31, 2017; and
WHEREAS, it therefore is necessary and Zoning Commission to maintain the req	to appoint a new member to said Planning uisite number of seven members.
NOW, THEREFORE, BE IT RESOLVE OF THE CITY OF COTTONWOOD, YAVAF	ED BY THE MAYOR AND CITY COUNCIL PAI COUNTY, ARIZONA:
appointed a member of the Planning a	dent of the City of Cottonwood is hereby nd Zoning Commission of the City of year term which expires December 31, 2017.
	CITY COUNCIL AND APPROVED BY THE DD, YAVAPAI COUNTY, ARIZONA, THIS
	Diane Joens, Mayor
ATTEST:	
Marianne Jiménez, City Clerk	
APPROVED AS TO FORM:	
Steven B. Horton, Esq., City Attorney	

City of Cottonwood, Arizona
City Council Agenda Communication



<u></u> Print

Meeting Date: September 20, 2016

Subject: JOC (Job Order Contracting) Services for Underground/Utilities

Projects

Department: City Clerk

From: Utilities- Roger Biggs

REQUESTED ACTION

Possible award and approval of the JOC contracts for new agreements to replace previously expired agreements.

SUGGESTED MOTION

Staff is requesting that Council review and award the contracts for the Underground Utilities Job Order Contracting program to Mulcaire & Son Contracting, LLC; Kinney Construction Services, Inc.; and Tiffany Construction Co.

If the Council desires to approve this item the suggested motion is:

"I move to approve the contracts resulting from the Job Order Contracting Solicitation to Mulcaire & Son Contracting, LLC; Kinney Construction Services, Inc.; and Tiffany Construction Co."

BACKGROUND

On June 13th, 2016 staff issued a Request for Statements of Qualifications to provide the City with Underground Job Order Contracting services for various projects. The intent of this solicitation was to enter into three new agreements for contractors to participate in the City's underground utilities JOC program. These new agreements are to replace previously expired contracts.

The solicitation was published in the newspaper in consecutive weeks and was posted on Public Purchase as well as the City website. Six (6) completed responses were received by the deadline. The review committee which included City staff, a licensed engineer, and a senior staff member of a contracting company, scored the proposals per the criteria established in the solicitation and the three top-ranked contractors are Tiffany Construction Co.; Kinney Construction Services, LLC; and Mulcaire and Son Contracting, LLC.

JUSTIFICATION/BENEFITS/ISSUES

The City's underground/utilities JOC program has accomplished many capital projects. Road construction, water and sewer line installations, parking lots, site demolitions and emergency repairs have all been completed by JOC contractors. The JOC program enables the Public Works and Utilities Departments to accomplish and deliver their respective projects in a cost effective, high quality and efficient manner to the residents and customers of the City.

COST/FUNDING SOURCE

Specific department funds per project.

ATTACHMENTS:		
Name:	Description:	Type:
□ Scoring_matrix.xls.x	Scoring Matrix	Backup Material
D JOC_Contract - Kinney.pdf	JOC Contract Kinney	Backup Material
D JOC Contract - Mulcaire Son.pdf	JOC Contract Mulcaire and Son	Backup Material
D JOC_Contract - Tiffany.pdf	JOC Contract Tiffany	Backup Material

Combined Scoring	8/12/2016							
	Applicant Experience	Team Experience	Similar Projects	JOC Experience	GRAND TOTAL			
	(max 125)	(max 125)	(max 150)	(max 100)	(max 500)			
Tiffany Construction	118	116	139	97	470	1		
								470
Mulcaire & Son Contracting	99	107	122	87	415	3		415
								408
Eagle Mtn. Construction	102	107	117	82	408	4		359
								395
McDonald Bros Construction	96	98	101	64	359	6		458
Rummel Construction	102	94	116	83	395	5		
Kinney Construction Svcs.	111	113	136	98	458	2		

CONSTRUCTION SERVICES AGREEMENT

THIS AGREEMENT, made and entered into this 20th day of September, 2016, by and between the City of Cottonwood, a municipal corporation organized and existing under the laws of the State of Arizona, hereinafter called the "City", and Kinney Construction Services, Inc., hereinafter called the "Contractor".

WITNESSETH: That the Contractor and the City, in consideration of the mutual covenants herein contained, agree as follows:

Contract Name: JOB ORDER CONTRACT (JOC) FOR UNDERGROUND CONTRACTING

Description: UNDERGROUND CONTRACTING SERVICES FOR THE CITY OF COTTONWOOD AT

VARIOUS LOCATIONS, INCLUDING THE COTTONWOOD MUNICIPAL WATER SERVICE

AREA

Term: TWO (2) YEARS WITH THREE (3) ADDITIONAL ONE-YEAR RENEWAL OPTIONS

1. Notice to Proceed, Completion Time, and Liquidated Damages

- **A.** It is agreed that the City Representative will issue the Notice to Proceed with the Work to be performed under this Contract within twenty (20) consecutive calendar days after the date of execution of this Agreement, except in job order contracts where a separate Notice to Proceed will be issued for each individual job order.
- **B.** The Contractor agrees that the Work shall be prosecuted promptly, regularly, diligently and uninterruptedly at such rate of progress as will ensure full completion thereof within the time specified. It is expressly agreed that the time for completion is a reasonable time, considering average climatic conditions and usual industrial conditions prevailing in the Cottonwood area.
- **C. Liquidated Damages.** Completion times will be specified in the Notice to Proceed. Applicable liquidated damages shall be assessed for each day the Work remains incomplete after the scheduled completion date. This amount is agreed upon because of the impracticability and extreme difficulty of ascertaining the actual damages the City will sustain on account of late completion.

2. Miscellaneous

- **A. Guarantee.** The Contractor shall guarantee all work under this Agreement against defects of material and workmanship for a minimum of two years from the date of Final Completion.
- **B.** Assignment. Neither party to this Agreement shall assign the Agreement or sublet it as a whole without the written consent of the other, nor shall the Contractor assign any monies due or to become due to him hereunder without the previous written consent of the City.
- **C. Contract Documents.** The following listed documents constitute the Contract Documents and they are all as fully a part of this Agreement as if repeated herein:
 - 1) Any and all amendments, Supplementary General Conditions and Special Requirements included herein.
 - 2) Construction Services Agreement.
 - 3) General Conditions for Construction.
 - 4) Special Terms and Conditions.
 - 5) Scope of Work, including any and all Standard, Special, Technical, and Supplementary Specifications included herein.
 - 6) The City's RFQ and any addenda for this project
 - 7) The Contractor's responses to the City's RFQ to the extent they do not conflict with the above
 - 8) Performance and Payment Bonds.

- 9) Insurance Requirements.
- **D. Precedence.** In the event of any inconsistency between any of the terms of the documents enumerated above, such inconsistency shall be resolved by giving precedent to the terms of the above documents in the order listed. Anything in these contract documents to the contrary notwithstanding, the provisions of all pertinent general public laws of the State of Arizona in effect at the time of the execution of this Agreement shall be a part of the Agreement between the parties and shall take precedence over all of the other contract documents.

IN WITNESS THEREOF, the parties hereto have executed three (3) identical counterpart copies of this Agreement on the date and year first written above, each of which copies shall for all purposes be deemed an original hereof.

CITY OF COTTONWOOD	CONSULTANT	
Diane Joens, Mayor	By: Title:	
APPROVE AS TO FORM	ATTEST (If Corporation):	
Steven Horton, City Attorney	Secretary	
ATTEST	SEAL	
Marianne Jimenez, City Clerk		

SPECIAL TERMS AND CONDITIONS

- 1. **Number of Contracts to be Awarded.** The City intends to award up to three (3) contracts for the services described herein.
- 2. Basis for Awarding Individual Job Orders. In the event the City awards more than one (1) contract for these services, individual job orders will be awarded based upon consideration of the firm's ability to complete the work expeditiously and the proposed cost. The City intends to request price and schedule proposals from all contracted Contractors for each individual job order. However, when quoting individual job orders is impracticable, the City reserves the right to award job orders as it deems to be in its best interest.

Scope, schedule, price, and liquidated damages (if applicable) are agreed upon in a fully executed Notice to Proceed letter prior to Contractor beginning the work.

The Contractor shall be available on a five (5) day work basis throughout the term of the contract unless notified in writing by the City that this requirement may be temporarily waived due to the Contractor's approved written request or a reduced need by the City. The Contractor must be available to commence work on assignments within one week from award of an individual job order.

- 3. Contract Term and Renewal. The term of this contract shall commence upon award and shall remain in effect for a period of two (2) years, unless terminated, canceled or extended as otherwise provided herein. The Contractor agrees that the City of Cottonwood shall have the right, as its sole option, to renew the contract for three (3) additional one (1) year periods, or portions thereof. If the City chooses to exercise this option, all terms, conditions, and provisions of the original contract shall remain the same and apply during the renewal period with the possible exception of fee basis and minor scope additions and/or deletions.
- **4. Compensation and Method of Payment.** In consideration of the performance of the services described in the Scope of Services of each individual job order and pursuant to the master Scope of Work herein, the City shall pay the Contractor in accordance with the negotiated contract rates, and the Contractor shall charge the City only in accordance with those same rates.

Compensation under this contract should not exceed \$500,000 per individual job order unless a waiver is requested of and granted by the Administrative Services General Manager.

The City will pay the Contractor following the submission of itemized invoice(s) for the service rendered. No payment shall be issued prior to receipt of material or service and correct invoice.

All requests for payment shall follow a format to be approved by the City Representative. Invoices shall be submitted monthly on a job-by-job basis.

- 5. Bonding Requirements. Contractor shall file with the City, prior to the time of execution of the contract and annually, if the term of this contract is extended by the City, payment and performance bonds in the forms prescribed by the City unless bonding per project. The bonds must cover all construction performed under job orders. The amount of the bonds provided by the Contractor must always be at least equal to the total amount of the contract prices for construction work under job orders issued and not complete. Contractor agrees to provide such additional bonding as may be required to satisfy this requirement, as provided under A.R.S. 34-610. Bonds may be provided as follows: annual bonds in the amount designated by the agency, or bonding per each individual job. Successful contractor(s) will designate bonding methodology prior to contract award.
- **6. Performance Rating.** At the completion of each term or termination of this contract, the City will evaluate the Contractor based on performance under this contract. This rating will be used in the overall evaluation of the Contractor when applying for future work with the City.
- 7. Audit and Inspection of Records. The Contractor shall permit the authorized representatives of the City of Cottonwood to inspect and audit any books, documents, papers, data and records relating to its performance under the contract until the expiration of three (3) years after final payment under this contract. The City shall have the right to audit and/or examine such records at any time during the progress of this contract and shall withhold payment if such documentation is found by the City to be incomplete or erroneous.

The following access to records requirements apply to this contract:

The Contractor agrees to provide the City of Cottonwood or any of its authorized representative's access to any books, documents, papers and records of the Contractor which are directly pertinent to this contract for the purposes of making audits, examinations, excerpts and transcriptions. The Contractor agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.

The Contractor agrees to maintain all books, records, accounts and reports required under this contract for a period of not less than three (3) years after the date of termination or expiration of this contract, except in the event of litigation or settlement of claims arising from the performance of this contract, in which case Contractor agrees to maintain same until the City of Cottonwood or any of its duly authorized representatives have disposed of all such litigation, appeals, claims or exceptions related thereto.

- **8. Contract Amendments.** The Administrative Services Department has the sole authority to:
 - A) Amend the contract or enter into supplemental verbal or written agreements;
 - B) Grant time extensions or contract renewals;
 - C) Otherwise modify the scope or terms and provisions of the contract.

The contract shall only be modified with the approval of the Administrative Services General Manager. Except in the case of documented emergency, approval must be granted prior to performance. Any contract modification not explicitly approved by the Administrative Services General Manager through a written contract amendment or change order is performed at the sole risk of the Contractor and may not be eligible for payment by the City.

- 9. Child/Sweat-Free Labor Policy. The Contractor shall comply with all applicable provisions of the United States Federal and State Child Labor and Worker's Right laws and agrees if called upon to affirm in writing, that they, and any subcontractor involved in the provision of goods to the City, are in compliance.
- Immigration Laws and Regulations. The Contractor warrants that it complies with all Federal Immigration laws and regulations that relate to its employees and complies with A.R.S. § 23-214(A) and that it requires the same compliance of all subcontractors under this contract. Contractor acknowledges that pursuant to A.R.S. § 41-4401 and effective September 30, 2008, a breach of this warranty is a material breach of this contract subject to penalties up to and including termination of this contract. The City retains the legal right to audit the records of the Contractor and inspect the papers of any employee who works for the Contractor to ensure compliance with this warranty and the Contractor shall assist in any such audit. The Contractor shall include the requirements of this paragraph in each contract with subcontractors under this contract.

If the Contractor or subcontractor warrants that it has complied with the employment verification provisions prescribed by sections 274(a) and 274(b) of the Federal Immigration and Nationality Act and the E-verify requirements prescribed by A.R.S. § 23-214(A), the Contractor or subcontractor shall be deemed to be in compliance with this provision. The City may request proof of such compliance at any time during the term of this contract by the Contractor and any subcontractor.

- **4. (ADA) Americans with Disabilities Act.** The Contractor shall comply with all applicable provisions of the Americans with Disabilities Act of 1990 (Public Law 101-336, 42 U.S.C. 12101-12213, 47 U.S.C. 225 and 611, and all regulations thereto), and the Arizonans with Disabilities Act of 1992 (A.R.S. 41-1492 et seq., and all regulations pertaining thereto).
- 5. City of Cottonwood Business License. The Contractor shall maintain in current status all Federal, State, and local registrations, licenses and permits, including a City of Cottonwood business registration, required for the operation of the business conducted by the Contractor as applicable to this contract.
- **6. Arizona Law.** This contract shall be governed and interpreted according to the laws of the State of Arizona.

- 7. **Jurisdiction and Venue.** The parties agree that this contract is made in and shall be performed in Yavapai County. Any lawsuits between the Parties arising out of this contract shall be brought in the courts of Yavapai County in the State of Arizona, which shall have exclusive jurisdiction over such lawsuits.
- **8. Fees and Costs.** Except as otherwise agreed by the parties, the prevailing party in any adjudicated dispute relating to this contract is entitled to an award of reasonable attorney's fees, expert witness fees and costs including, as applicable, arbitrator fees; provided, however, that no award of attorney's fees shall exceed ten percent (10%) of the damages awarded the prevailing party unless the non-prevailing party has been determined to have acted in bad faith or in a frivolous manner during the adjudication.
- **Notices.** All notices or demands required to be given pursuant to the terms of this contract shall be given to the other party in writing, delivered by hand or registered or certified mail, at the addresses set forth below, or to such other address as the parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of CITY:

In the case of CONTRACTOR:

City of Cottonwood Purchasing Department 816 N. Main Street Cottonwood, AZ 86326 (928) 340-2714 Company Name: <u>Kinney Construction Services, Inc.</u>
Contact: <u>Tim Kinney</u>
Address: <u>121 E. Birch Ave, Suite 500</u>
City, State, Zip: <u>Flagstaff, AZ 86001</u>
Telephone Number: 928-779-2820

Notices shall be deemed received on date delivered, if delivered by hand, and on the delivery date indicated on receipt if delivered by certified or registered mail.

GENERAL CONDITIONS FOR CONSTRUCTION

1. **DEFINITIONS**

Wherever used in these General Conditions or in the other Contract Documents, the following terms have the meanings indicated which are applicable to both the singular and plural thereof:

Administrative Services General Manager - - the person acting as Director of the City's Purchasing Manager and who has authority to award and revise City solicitations and contracts for construction, construction services, and construction-related services as necessary.

Amendment - written or graphic instrument issued prior to the due date which clarifies, corrects or changes the Solicitation.

Architect/Engineer - the person licensed to practice architecture/engineering by the State of Arizona and who is identified as the Architect/Engineer of Record. May be utilized to provide construction administration services.

Bonds - bid, performance and payment bonds and other instruments of security.

Change Order - a document approved by the City Contract Representative and which is signed by the Contractor and the City's Administrative General Manager or duly authorized designee and authorizes an addition, deletion or revision in the Work, or an adjustment in the Contract Price or the Completion time, issued on or after the effective date of the Contract.

City - means the City of Cottonwood, Arizona, a municipal corporation.

City Contract Representative - the City official administering the Contract for the City of Cottonwood.

Completion Time - the number of consecutive calendar days agreed to by the City and Contractor for completion of the Work, which may be revised by written Change Order.

Construction – the process of building, altering, repairing, improving or demolishing any public structure or building or other public improvements of any kind to any real public property.

Construction-Manager-At-Risk – a project delivery method in which there is a separate contract for design services and a separate contract for construction services, with design and construction taking place in sequential or concurrent phases, and in which finance services, maintenance services, operations services and preconstruction services may be included.

Construction Services – either of the following for construction-manager-at-risk, design-build and job- order-contracting project delivery methods:

- a) construction, excluding services, through the construction-manager-at-risk or job-order-contracting project delivery methods;
- b) a combination of construction and, as elected by the City, one or more related services, such as finance services, maintenance services, operations services, design services and preconstruction services.

Contract - the written agreement and all associated attachments, drawings, amendments and change orders executed between the City and the Contractor covering the Work to be performed.

Contract Price - the amount payable by the City to the Contractor for satisfactory completion of the Work, and as specified in the Contract as may be amended by written Change Order, or, in the case of a job- order contract, in the Notice to Proceed.

Contract Officer - the City official who conducts the solicitation process to secure a Contractor for the Work and who acts under the authority and direction of the City's Administrative Services General Manager and in accordance with the Cottonwood Procurement Code.

Contractor - the person, firm or corporation with whom the City has entered into the Contract.

Design-Build – the process of entering into and managing a contract between the City and a contractor in which the Contractor agrees to both design and build a structure and in which design and construction services may be in sequential or concurrent phases, and which may include finance services, maintenance services, operations services, design services and preconstruction services.

Design Services – architect services, engineer services or landscape architect services.

Drawings - the graphic and pictorial portions of the contract, wherever located and whenever issued, showing the configuration, location and dimensions of the Work, generally including plans, elevations, sections, details, schedules and diagrams.

Estimate for Payment - a form furnished by the City or an approved form submitted by the Contractor in lieu of city furnished form, and is required to be used when submitting requests for payments for work actually performed and materials supplied during a an agreed-to preceding period of time.

Field Order - a written order or directive issued by the City Contract Representative that orders minor changes in the Work.

Final Completion Date - the calendar date when the Work is one hundred percent (100%) complete as determined by the City.

Job-Order-Contracting – a project delivery method in which the contract is a requirements contract for indefinite quantities of construction and in which specified job orders are issued during the contract and may include finance services, maintenance services, operations services, preconstruction services and design services.

Liquidated Damages – a sum set forth in the Contract documents that will be deducted from any monies due to the Contractor, not as a penalty, but in lieu of actual damages for late completion of the work.

Maintenance Services – routine maintenance, repair and replacement of existing facilities, structures, buildings or real property.

Notice to Proceed - a written notice given by the City to the Contractor fixing the date on which the Completion time will commence and upon which the Contractor shall start to perform the Contractor's obligations under the Contract. In the case of a job order, it may also contain the specifications exclusive to the job order as well as consideration for the Contractor.

Public Inspector(s) - that person or persons provided by the public authorities having code jurisdiction and who perform day-to-day inspections of the Work for compliance with applicable codes.

Schedule of Values - a schedule submitted by the Contractor setting forth the values allocated to various portions of the Work, prepared in such form and supported by such data to substantiate its accuracy as the City Contract Representative may require. This schedule must be submitted before the Contractor submits its first application for progress payment and shall be used as a basis for reviewing and approving payments to the Contractor.

Shop Drawings - drawings, diagrams, illustrations, schedules and other data which are specifically prepared by or for the Contractor to illustrate, in detail, how some portion of the Work shall be fabricated and/or installed, and all illustrations, brochures, standard schedules, performance charts, instructions, diagrams and other information prepared by a supplier and submitted by the Contractor to illustrate material or equipment for some portion of the Work.

Specifications - those portions of the Contract, or Notice to Proceed if a Job Order, consisting of written technical descriptions of materials, equipment, construction systems, standards and workmanship as applied to the Work and certain administrative details applicable thereto.

Substantial Completion – a written declaration of the date upon which the City, in its sole discretion, determines the Work is substantially complete such that the City has beneficial use and/or occupancy. Upon substantial completion, the right of the City to assess liquidated damages for time after the date of substantial completion ceases, except as allowed for failure to meet final completion within thirty days of substantial completion.

Cottonwood Procurement Code – in addition to applicable State statutes and applicable Federal regulations and requirements, the municipal ordinance that governs the construction services contracting process as well as contract administration processes including the resolution of contract claims, disputes and controversies.

The Work - the entire completed construction or the various separately identifiable parts thereof required to be furnished under the Contract, or, in the case of a job-order contract, within individual Notices to Proceed. Work is the result of performing services, furnishing labor and furnishing and incorporating materials and equipment into the construction, all as required by the Contract and/or Notice to Proceed, as appropriate.

2. THE CONTRACT ITS EXECUTION AND INTENT

2.1 The Contract

- **2.1.1** The documents in the Contract include any amendments, drawings, change orders and approved Contractor submittals.
- **2.1.2** The Contract comprises the entire agreement between the City and the Contractor concerning the Work and supersedes any prior negotiations, representations or agreements, either written or oral. The Contract may be amended or modified only by an instrument in writing and fully executed by the authorized parties to the Contract.

2.2 Intent of the Contract

- **2.2.1** The intent of the Contract is to include all labor, materials, equipment, transportation and all other costs and expenses necessary for the proper execution and completion of the Work by the Contractor.
- 2.2.2 The Contractor shall take no advantage of any apparent error or omission in the plans, estimated quantities or specifications. In the event the Contractor discovers such an error or omission after contract award, the Contractor shall immediately notify the City Contract Representative. The City Contract Representative shall then make such corrections and interpretations as may be deemed necessary for fulfilling the intent of the contract.
- 2.2.3 The Contract shall be construed in accordance with the laws of the State of Arizona, and all such laws regulating the construction of public works by the City are hereby incorporated herein by reference and made a part hereof.
- **2.2.4** Materials or work described in words, which have a well-known technical or trade meaning, shall be held to refer to such recognized standards.
- **2.2.5** The organization of the Contract into divisions, sections or articles is merely for the purpose of convenient reference, and neither the headings nor divisions shall have any legal or Contractual significance and shall not control the division of the Work by the Contractor among the various subcontractor or trades.
- **2.2.6** The Contractor shall include all applicable utility fees, permits, licenses, etc. in each estimate or proposal submitted.

2.3 Execution

2.3.1 Execution of the Contract by the Contractor is a representation that the Contractor has thoroughly examined the Contract.

2.4 Ownership of the Contract

2.4.1 The Contract, including, but not limited to, the drawings and specifications, is the property of the City and is not to be used by the Contractor or any subcontractor on other projects outside the scope of the Work without the express written consent of the City.

3. ADMINISTRATION OF THE CONTRACT

3.1 Lines of Authority and Communications

- 3.1.1 The City's Administrative Services General Manager is the City official with overall authority and responsibility for the award and administration of City Contracts. The Administrative Services General Manager or their designated Finance Department representative after consultation with the City Contract Representative has the ultimate authority to resolve disputes concerning Contract performance and to stop the Work whenever such stoppage may be necessary to ensure the proper execution of the Work.
- **3.1.2** The City Contract Representative is the designated representative of the particular City department for which the Work is being constructed (the "user department") or the City department which is responsible for the oversight of the work.
- **3.1.3** Day-to-day administration of the Contract is the responsibility of the City Contract Representative. The City Contract Representative is the City's representative during the prosecution of the Work and shall act as surveillance and technical advisor for the City. The City Contract Representative duties are more fully described in Section 3.2 of this Article.
- **3.1.4** The Contractor shall supervise and direct the Work and shall be solely responsible for, and have control over, construction means, methods, techniques, sequences and procedures, and for coordinating all portions of the Work, unless the Contract gives other specific instructions concerning these matters. The Contractor's duties and responsibilities are more fully described in Article 4 of these Contract conditions.
- **3.1.6** Except where the Contract otherwise provides or where direct communication has been specifically authorized, the Contractor shall initially communicate with the City Contract Representative.

3.2 City Contract Representative's General Authority and Responsibilities

3.2.1 Unless the Contractor is responsible for the design of the Work, the City Contract Representative shall furnish to the Contractor, free of charge unless it is provided otherwise in the Contract, up to three copies of drawings, specifications and instructions available for the execution of the Work. The City Contract Representative may furnish additional clarifications or interpretations in writing or by drawings as may be necessary for the proper progress and execution of the Work. Such additional clarifications and interpretations shall be furnished with reasonable promptness, and the Contractor shall not do work without drawings or written clarifications where needed. All drawings, specifications and copies thereof furnished by the City Contract Representative are City property. They are not to be used on other work and, with the exception of the signed Contract, and are to be returned to the City Contract Representative at the completion of the Work.

- **3.2.2** The City Contract Representative shall make general surveillance of the Work. By making sufficient periodic visits to the site of the Work, the City Contract Representative will become thoroughly familiar with the progress and quality of completed portions of the Work, and will assess if the Work is being performed in a manner indicating that the Work, when completed, will be in accordance with the Contract.
- **3.2.3** The City Contract Representative will decide all questions which may arise as to the quality and acceptability of materials furnished and Work performed and as to the rate of progress of the Work, and all questions which may arise as to the interpretation of the drawings and specifications.
- 3.2.4 The City Contract Representative shall have the authority to reject work that is not in conformity with the Contract and to order additional inspections and testing of the Work. The City Contract Representative's failure during the progress of work to discover or reject materials or work not in accordance with the plans, specifications or contract documents shall not be considered an acceptance of the work or materials or a waiver of defects. Neither the failure of the City Contract Representative to properly perform inspections, tests or approvals required by the contract documents nor the activities or duties of the City Contract Representative in the administration of this contract shall relieve the Contractor from the contractor's responsibility for the means, methods, techniques, sequences or scheduling of the construction or the obligation to perform the work in strict accordance with the contract documents.
- 3.2.5 The City Contract Representative shall conduct an initial review of, and approve or deny, written Change Orders submitted by the Contractor, and may prepare Change Orders and provide field clarifications and corrections. All Change Orders shall be approved by the Administrative Services General Manager or their designee <u>prior to any work being done</u>. However, in emergencies endangering life or property, the City Contract Representative may take action and issue orders which are deemed necessary to avert the loss of life or property.
- **3.2.6** The City Contract Representative, pursuant to Article 10 of these General Conditions, shall make recommendations to the Contract Officer as to all claims of the Contractor.
- **3.2.7** The City Contract Representative will review and process the Contractor's monthly Estimates for Payment, as more fully set forth in Article 7 of these General Conditions.
- **3.2.8** The City Contract Representative will conduct inspections to determine the dates of Substantial Completion and Final Completion and will certify such dates to the Contract Officer.
- **3.2.9** The City Contract Representative will not have control over or charge of, and will not be responsible for, construction means, methods, techniques, sequences or procedures, or for safety precautions and programs in connection with the Work, since these are solely the Contractor's responsibility.

3.3 Public Inspections

- **3.3.1** Unless otherwise specifically provided in the Contract, Public Inspectors who perform day-to-day inspections of the Work for compliance with applicable codes will have authority to require compliance with drawings, specifications and applicable codes, and may provide clarification of any unspecified or unclear item or situation.
- **3.3.2** If the drawings or specifications, laws, ordinances, or any public authority requires any work to be specially tested or approved, the Contractor shall give the City Contract Representative timely notice of its readiness for inspection. If the inspection is by an individual, authority or entity other than the City Contract Representative or the Public Inspectors, the Contractor shall advise the City Contract Representative of the date fixed for such inspection.

3.3.3 All tests, inspections or approvals required to be performed by the City Contract Representative, Public Inspectors, or other authorities or entities shall not relieve the Contractor of their obligation to perform the Work in accordance with the Contract.

3.4 Special Inspections and Testing of Materials

- **3.4.1** All equipment and materials used in the construction of the Work, especially those upon which the strength and durability of the structure may depend, will be subject to adequate inspection and testing in accordance with accepted standards, to establish conformance with specifications and suitability for the use intended, as determined by the City Contract Representative.
- **3.4.2** The performance of tests and the engagement of testing laboratories or agencies must have the prior approval of the City Contract Representative. Except as provided in subsection 3.4.3, the City will pay for approved tests and services rendered by the approved laboratory or agency in addition to the Contract price for construction.
- **3.4.3** When initial tests indicate that any portion of the Work is not in conformance with the Contract because of faulty workmanship, the Contractor shall be required to pay for necessary re-tests. When initial tests indicate that the work is in conformance with the Contract, any re-testing that's ordered by the City shall be paid for by the City.

4. THE CONTRACTOR'S DUTIES AND RESPONSIBILITIES

4.1 Contractor's Review of Contract and Site Conditions

- **4.1.1** It shall be the duty of the Contractor to carefully study and compare all drawings, specifications and instructions. If any discrepancies, errors, omissions or inconsistencies are discovered in the drawings or specifications, or between the drawings and specifications, or there are any conflicts between existing site conditions and the requirements of the drawings and specifications, the Contractor shall immediately call all such discrepancies to the attention of the City Contract Representative.
- 4.1.2 The Contractor shall be required to use, for data and dimensions, figures marked on the drawings in preference to what the drawings may measure to scale; but in the absence of figured dimensions, scale dimensions may be used with the prior written concurrence of the City Contract Representative. The Contractor shall verify all dimensions shown and check all measurements in connection with any present building or buildings, level or grades, walks, driveways or other existing conditions before executing any work. Errors or inconsistencies shall be reported to the City Contract Representative immediately. It is the responsibility of the Contractor to provide BLUESTAKE verification of underground utilities on which may impact construction site.
- **4.1.3** Change orders will not be issued to cover any cost, loss or expense for additional labor or materials required to rectify any error or inconsistency in the drawings and specifications unless prior notification is given by the Contractor to the City Contract Representative.
- **4.1.4** The Contractor shall perform the Work in accordance with the Contract and with shop drawings, product data and samples that have been approved by the City Contract Representative.
- **4.1.5** Notwithstanding the above provisions, if the Contractor is responsible for the design of the Work, the Contractor shall ensure the accuracy and completeness of the drawings, specifications and instructions. If any discrepancies, errors, omissions or inconsistencies are discovered in the drawings or specifications, or between the drawings and specifications, or there are any conflicts between existing site conditions and the requirements of the drawings and specifications, the Contractor shall immediately call all such discrepancies to the attention of the City Contract Representative and shall be responsible for any required corrective action.

4.2 Contractor's Supervision

- **4.2.1** The Contractor shall efficiently and continuously supervise and direct the Work, using its best skill and attention. Unless the Contract specifically provides otherwise, the Contractor shall be solely responsible for and shall exercise control over construction means, methods, techniques and procedures and shall coordinate the sequences of all portions of the Work.
- **4.2.2** The Contractor shall ensure that the key personnel submitted in response to the Request for Qualifications and assigned to this Contract are available throughout the term of the Contract. In the event that the Contractor requests substitution of key personnel, the Contractor shall obtain prior approval from the City for key personnel substitution. The Contractor shall ensure that substituted personnel are equally qualified and capable. Information on the qualifications of proposed substitutes shall be provided to the City for its consideration and approval prior to substitution taking place.
- **4.2.3** The Contractor agrees that it is as fully responsible to the City for the acts and omissions of its subcontractors and of persons, either directly or indirectly employed by the Contractor, as it is for the acts and omissions of persons directly employed by the Contractor.

4.3 Materials and Labor; Warranty

4.3.1 Unless otherwise stipulated, the Contractor shall provide and pay for all materials, labor, equipment, tools, construction equipment and machinery, water, gas, heat, utilities, transportation, and other facilities and services necessary for the execution, completion and delivery of the Work within the specified Completion Time.

4.3.2 The Contractor shall pay all applicable taxes associated with the Work.

- **4.3.3** The Contractor warrants to the City that all materials and equipment furnished under the Contract will be new unless otherwise specified, and that all of the Work will be of good quality, free from faults and defects and in conformance with the Contract. All Work not conforming to these requirements, including substitutions not properly approved and authorized, may be considered defective.
- **4.3.4** The Contractor shall furnish all materials required to complete the work, except those specified to be furnished by the Agency. The Contractor shall receive, inventory, store, inspect, protect, distribute, and install Agency furnished material unless otherwise specified. The cost of handling and placing all materials after they are delivered to the Contractor shall be considered as included in the contract price for the item in connection with which they are used. The Contractor shall be held responsible for all material delivered to the contractor. Deductions shall be made from any monies due the Contractor to make good any shortages or deficiencies, from any cause whatsoever and for any damage which may occur after such delivery, and for any late delivery charges.
- **4.3.5** The Contractor will be held to furnish all work as specified in the Contract. After a price proposal for the Work has been accepted by the City, changes of brand named, trade named, trademarked, patented articles, or any other substitutions will be allowed only by written order signed by the City Contract Representative. Unless otherwise agreed to via Change Order, the City shall receive all benefits of the difference in costs.
- **4.3.6** Materials not conforming to the requirements of the specifications, whether in place or not, shall be rejected and shall be promptly removed from the site of the work, unless otherwise directed by the City Contract Representative. No rejected material, the defects of which have been corrected, shall be returned to the work site until such time as approval for its use has been given by the City Contract Representative.

4.4 Construction Schedules and Submittals

- **4.4.1** Before commencing the Work, the Contractor shall provide the City Contract Representative with a construction schedule for the Work, fixing the dates at which various predetermined events shall occur in order to promote a timely completion of the various parts of the Work in accordance with the Contract. The schedule may be revised from time to time as may be required by conditions of the Work, but shall not exceed time limits, or any extensions thereof, set forth in the Contract or in the individual job order, as appropriate.
- **4.4.2** The Contractor shall prepare and keep current for the City Contract Representative's approval, a schedule of submittals which shall be coordinated with the Contractor's construction schedule and allow the City Contract Representative reasonable time to review such submittals.
- **4.4.3** After review, the City Contract Representative, with reasonable promptness, shall approve these shop or setting drawings, product data, samples and sequences for conformance with the design concept of the project, the approved construction schedule, and other requirements of the Contract.
- **4.4.4** The Contractor shall make any corrections required by the City Contract Representative and resubmit such corrected materials to the City Contract Representative for approval. Any correction or change that will result in a design or function change or in an increase or decrease in the Contract price must also receive the prior approval of the City's Administrative Services General Manager or their designee.
- **4.4.5** The Contractor shall perform no portion of the Work requiring submittal and review of shop drawings, product data, samples or schedules until the respective submittals have been approved by the City Contract Representative, and shall not deviate from such submittals after final approval by the City Contract Representative.
- **4.4.6** As-builts documents must be provided to the City by the Contractor within thirty days of substantial completion. The City reserves the right to withhold final payment until complete asbuilts have been received in good order by the City Contract Representative.

4.5 Documents and Samples at the Work Site

4.5.1 Unless otherwise directed by the City's Contract Representative, the Contractor shall maintain at the Work site a complete file of the drawings, specifications, amendments, change orders and other approved modifications, in good order and marked to reflect changes and selections made during construction, together with all approved shop drawings, product data, samples and similar required submittals. Such files shall be made available to the City Contract Representative and Public Inspectors upon request.

4.6 Protection and Use of Site - (Signs, Utilities, Water, Sanitation, Traffic, etc.)

- **4.6.1** The City will provide land, rights-of-way and easements for all work specified in the Contract. The Contractor shall confine their apparatus, the storage of materials and the operations of its workmen to limits indicated by law, ordinances, permits or directions of the City Contract Representative, and shall not unreasonably encumber the premises with their material and equipment.
- **4.6.2** Contractor shall prevent any damage to pipes, sewers, computer and phone lines, conduits or other structures, including public and/or private lawns, gardens, shrubbery and trees encountered in the Work, and shall hold the City harmless from damages for any injury done to such pipes, structures or property during the course of the Work.

- **4.6.3** Work shall be accomplished so that there will be a minimum of traffic interruption and inconvenience, discomfort or damage to the public.
- **4.6.4** The Contractor shall supply safe drinking water for all Contractor employees at the Work site.
- **4.6.5** If archaeological, historical or paleontological features are encountered or discovered during any activity related to the Work, the Contractor shall stop work immediately at that location and shall take all reasonable steps to secure the preservation of those features. The City Contract Representative will make arrangements for the proper treatment of the affected portion of the Work site. The Contractor shall not resume work in the affected portion without the prior approval of the City Contract Representative. Extensions in the Completion time for delays resulting from the discovery of archaeological, historical or paleontological features, if such discovery results in a delay to the progress of the Work, may be claimed by the Contractor in accordance with Article 10 of these General Conditions.

4.7 Cleaning Up

- **4.7.1** The Contractor shall at all time keep the construction site and surrounding area free from accumulations of waste material or rubbish caused by operations under the Contract. Upon completion of the Work, the Contractor shall remove all rubbish, tools, equipment, scaffolding and surplus materials from the site and surrounding areas and leave the area "broom clean" or its equivalent, unless otherwise instructed by the City Contract Representative.
- **4.7.2** If the Contractor fails to clean up as provided in the Contract, the City may do so and the cost thereof shall be charged against the Contractor.

4.8 Emergencies

- **4.8.1** In an emergency affecting the safety of life or property, the Contractor, without special instruction or authorization from the City Contract Representative, is hereby permitted, authorized and directed to act at its own discretion to prevent threatened loss or injury.
- **4.8.4** Except in the case of an emergency requiring immediate remedial work, any work performed after regular working hours, on Saturdays, Sundays or legal holidays shall be performed without additional expense to the City unless such work has been specifically requested and approved by the City Contract Representative.
- **4.8.5** The Contractor shall file with the City Contract Representative the names, addresses and telephone numbers of their employees who can be contacted at any time in case of emergency. These Contractor representatives must be fully authorized and equipped to correct unsafe or excessively inconvenient conditions on short notice by the City or the Public Inspectors.

4.9 Permits, Fees and Notices

- **4.9.1** The Contractor shall, at their expense, obtain all necessary permits and licenses for work performed under the Contract, and shall give all necessary notices required by laws, ordinances, rules, regulations and lawful orders of public authorities pertaining to performance of the Work, public health and safety.
- **4.9.2** If the Contractor knowingly performs work which is not in compliance with such laws, ordinances, rules, regulations or orders, without such notice to the City Contract Representative, the Contractor shall assume full responsibility for such Work and shall bear all costs attributable thereto.

4.10 Royalties and Patents

- **4.10.1** The Contractor shall pay all royalties and license fees.
- **4.10.2** The Contractor and the surety shall defend any suit or proceeding brought against the procuring agency, during the prosecution or after the completion of the work, based on a claim that manufacture, sale, or use of any method, process, machine, technique, design, living thing, genetic material, or composition of matter, or any part thereof, furnished or used under this Contract constitutes an infringement of any patent, trademark, or copyright, and the Contractor shall pay all damages and costs awarded therein, against the procuring agency and any affected third party or political subdivision. If manufacture, sale, or use of said method, process, machine, technique, design, living thing, genetic material, or composition of matter, or any part thereof, is in such suit held to constitute infringement and if manufacture, sale, or use of said method, process, machine, technique, design, living thing, genetic material, or composition of matter, or part thereof, is enjoined, the Contractor shall, at its own expense, either procure for the procuring agency the right to continue manufacture, sale, or use of said method, process, machine, technique, design, living thing, genetic material, or composition of matter, or part thereof, or, subject to Engineer's approval, replace same with noninfringing method, process, machine, technique, design, living thing, genetic material, or composition of matter, or part, or modify it so it becomes noninfringing.
- **4.10.3** If appropriate, the Contractor shall furnish the City Contract Representative satisfactory evidence of patent licenses or patent releases covering City-specified proprietary materials, equipment, devices or processes, as the case may be.

4.11 Protection of Persons and Property

- **4.11.1** The Contractor shall be responsible for initiating, maintaining, supervising and directing all safety precautions and programs in connection with the performance of the Contract.
- **4.11.2** The Contractor shall be responsible for the protection of all Work until completion and final payment is made, including any material or equipment to be incorporated whether in storage on or off the Work site.
- **4.11.3** The Contractor shall, at their own expense, replace damaged or lost material, or repair damaged parts of the Work or of other property at the work site or adjacent thereto, and the Contractor and their sureties shall be liable therefore.
- **4.11.4** The Contractor shall assume all risks from floods and casualties and shall make no claim for damages for delay from such causes. However, a reasonable extension of time on account of such delays may be allowed, subject to the conditions contained in Article 6 of these General Conditions.
- **4.11.5** In the event the Contractor encounters on the work site material reasonably believed to be a hazardous material, such as asbestos or polychlorinated biphenyl (PCB), the Contractor shall immediately stop work in the area affected and report the condition to the City Contract Representative.
- **4.11.6** The Contractor shall take all necessary precautions for the safety of employees on the work site and other persons who may be affected thereby, and shall comply with all applicable provisions of Federal, State and Municipal safety laws and building codes to prevent accidents or injury to persons on, about or adjacent to the premises where the Work is being performed. The Contractor shall erect and properly maintain at all times, as required by the condition and progress of the Work, all necessary safeguards for the protection of workmen and the public and shall post danger signs warning against the hazards created by such features of construction as

protruding nails, hod hoists, well holes, elevator hatchways, scaffolding, window openings, stairways and falling materials.

4.11.7 The Contractor warrants it is fully familiar and shall comply with all of the safety requirements of the Occupational Safety and Health Act (29 U.S.C. Sections 641-678, or as amended or recodified from time to time). Also the Hazard Communication Act relating to the use of hazardous materials (29 C.F.R. 1910-1200, or as amended or recodified from time to time), as promulgated by the Federal Government and as implemented by the State of Arizona, and that it will be solely responsible for all fines and penalties provided for by law for any violation of such Act and, furthermore, shall require all subcontractors to comply with such Acts and with the provisions of this section. Any claims arising out of alleged violations of such Acts are covered by the indemnification set forth in Section 4.12.

4.12 Indemnification and Insurance

4.12.1 To the fullest extent permitted by law, Contractor, its successors, assigns and guarantors, shall pay, defend, indemnify and hold harmless City of Cottonwood, its agents, representatives, officers, directors, officials and employees from and against all allegations, demands, proceedings, suits, actions, claims, damages, losses, expenses, including but not limited to, attorney fees, court costs, and the cost of appellate proceedings, and all claim adjusting and handling expense, related to, arising from or out of or resulting from any actions, acts, errors, mistakes or omissions caused in whole or part by Contractor relating to work or services in the performance of this Contract, including but not limited to, any Subcontractor or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable and any injury or damages claimed by any of Contractor's and Subcontractor's employees, provided, however, that this duty to indemnify, hold harmless and defend shall not include losses, damages, claims, liabilities, costs and expenses to the extent arising from the acts or omissions of the City.

4.12.2 The Contractor Agrees to:

- .1 Obtain insurance coverage of the types and amounts required in this subsection and keep such insurance coverage in force throughout the life of the Contract. The Contractor will provide satisfactory certificates of the required coverage to the Contracting Officer before beginning the Work. All policies will contain an endorsement providing that written notice be given to the City at least ten (10) calendar days prior to termination, cancellation or reduction in coverage in any policy.
- .2 Include the City as an additional insured on the General Liability Insurance and Automobile Liability Insurance policies with respect to liability arising out of the performance of the Work. Policies shall contain a waiver of subrogation against the City. The Contractor agrees that the insurance required hereunder will be primary and that any insurance carried by the City will be excess and not contributing.
- .3 Provide and maintain minimum insurance coverage as follows:

Coverage Afforded	Limits of Liability	
Worker's Compensation		Statutory
Commercial General Liability		\$1,000,000
Products & Completed Operation	ns	\$1,000,000
Blanket Contractual		\$1,000,000
Explosion, Collapse & Undergro	ound Hazard	\$1,000,000
Premises-Operations		\$1,000,000
Personal and Advertising Injury		\$1,000,000

\$1,000,000

Automobile Liability

Insurance Including:

- 1. Non-Owned
- 2. Leased
- 3. Hired Vehicles
- .4 In the event any of the Work is subcontracted, the Contractor shall require the subcontractor to provide Workers' Compensation insurance for all of the subcontractor's employees engaged in the Work, unless such employees are covered by the protection afforded by the Contractor's Workers' Compensation insurance. In case any class of employees engaged in hazardous work under the Contract is not protected under the Workers' Compensation statute, the Contractor shall provide, and shall cause each subcontractor to provide, adequate employer's general liability insurance for the protection of such of their employees as are not otherwise protected.

5. SUBCONTRACTS AND SEPARATE CONTRACTS

5.1 Subcontracts

- 5.1.1 The Contractor shall ensure that the assigned to this Contract are available throughout the term of the Contract. In the event that the Contractor requests substitution of subcontractors, the Contractor shall obtain prior approval from the City for subcontractor substitution. The Contractor shall ensure that substituted subcontractors are equally qualified and capable. Information on the qualifications of proposed substitutes shall be provided to the City for its consideration and approval prior to substitution taking place.
- **5.1.2** In job-order-contracting, by appropriate written agreement, the Contractor agrees that each subcontractor has been notified in writing of the negotiated amount or coefficient agreed to for billing purposes. Furthermore, by appropriate written agreement, the Contractor agrees that each subcontractor shall be bound to the Contractor by the terms of this Contract. In the event of a conflict between the substance of a written subcontract and the language of this Contract, the language of this Contract shall prevail.
- 5.1.3 Contractor shall ensure that each subcontract shall preserve and protect the rights of the City under the Contract with respect to the work to be performed by the subcontractor. Where appropriate, the Contractor shall require each subcontractor to enter into similar agreements with sub-subcontractors. In this connection, the Contractor shall make available to each subcontractor, prior to execution of any subcontract, copies of the Contract provisions to which the subcontractor will be bound. Subcontractors shall also make copies of applicable portions of the Contract available to their respective subcontractors.
- **5.1.4** Each subcontract will require the subcontractor to submit to the Contractor applications for payment in such reasonable time as to enable the Contractor to apply for payment to the City in a timely manner, including any claims for extras, extensions of time, and damages for delays or otherwise to the Contractor in the manner provided in the Contract for like claims by the Contractor upon the City.

5.1.5 The Contractor further agrees:

- .1 To be bound to the subcontractor by all the obligations that the City assumes to the Contractor under this Contract, and by all provisions thereof affording remedies and redress to the Contractor from the City.
- .2 To promptly pay the subcontractor in accordance with applicable State statute.

- .3 That, at all times, the subcontractors' total payments shall be proportionate to the value of the labor and materials provided by them. Payment may be preconditioned upon the subcontractors providing the Contractor with requested significant partial or final lien waivers.
- .4 To pay the subcontractor to such extent as may be provided by the Contract or the subcontract, if either of these provides for earlier or larger payments than the above.
- .5 To ensure timely payment to subcontractors for their work as performed and for materials fixed in place, less any applicable retention, despite any delay by the City in making payments to the Contractor for any cause not the fault of the subcontractor.
- **.6** To share or forward, as appropriate, with its subcontractors or, as appropriate, with the City, any fire insurance money received by the Contractor under the insurance provisions of the Contract.
- .7 That no claim for services rendered or materials furnished by the Contractor to the subcontractor shall be valid unless written notice thereof is given by the Contractor to the subcontractor during the first ten (10) days of the calendar month following that in which the claim originated.
- **.8** To give the subcontractor an opportunity to be present and to submit evidence in any Contractual claim, controversy or dispute.
- 5.1.7 Nothing in this Article shall create any obligation on the part of the City to pay to, or to see to the payment of, any sums to any subcontractor, except as may otherwise be required by law.
- **5.1.8** Each subcontract agreement for a portion of the Work is hereby assignable by the Contractor to the City provided that:
 - .1 Assignment is effective at the sole option of the City and only upon termination of the Contract for cause pursuant to Article 9 of these General Conditions, and only for those subcontract agreements which the City determines to accept by notifying the subcontractor in writing, and
 - .2 Assignment is subject to the prior rights of the surety obligated under the Bonds relating to the Contract.

5.2 Separate Contracts

- **5.2.1** The City reserves the right to perform construction or operations related to the Work with the City's own forces and to let separate Contracts in connection with other portions of the Work or other construction or operations on the Work site.
- **5.2.2** The Contractor shall afford other Contractors on the Work site reasonable opportunity for the introduction and storage of their materials and the execution of their work, and shall properly connect and coordinate its work with theirs.
- **5.2.3** The City Contract Representative shall coordinate the activities of the City's own forces and of each separate Contractor with the work of the Contractor. The Contractor and all other Contractors on the Work site shall be required to review their construction schedules and cooperate with the City Contract Representative in coordinating the various portions of the Work with the schedules of such separate contractors.

- **5.2.4** If any part of the Contractor's work depends, for proper execution or results, upon the work of any other contractor, the Contractor shall inspect and promptly report to the City Contract Representative any defects in such work that render it unsuitable for continuance of the Contractor's Work. Failure to inspect and report may constitute an acceptance of the other contractor's work as fit and proper for the reception of the Contractor's Work, except as to defects not then reasonably discoverable.
- **5.2.5** Costs caused by the Contractor because of delays or by improperly timed activities or defective construction shall be borne solely by the Contractor.
- 5.2.6 If the Contractor causes damage to any separate contractor on the site, the Contractor, upon due notice, agrees to settle with such separate contractor by agreement or arbitration, if he will so settle. If such separate contractor sues the City on account of any damage alleged to have been so sustained, the City shall notify the Contractor, who shall defend such proceedings and, if any judgment against the City arises therefrom, the Contractor shall pay or satisfy it.
- **5.2.7** Should separate contractors on the Work cause any damage, cost or loss to the Contractor, the City shall not be held responsible or liable therefore in any way other than extensions of completion time in accordance with Article 6 of these General Conditions.

6. TIME FACTORS; LIQUIDATED DAMAGES

6.1 Time

- **6.1.1** Unless otherwise provided in the Notice to Proceed, the Completion Time is the number of calendar days, including authorized time extensions, specified for completion of the Work.
- 6.1.2 Completion Time shall commence on the day specified in the Notice to Proceed. The date shall not be postponed on account of the failure of the Contractor, or of any of its subcontractors to take any action required to commence the Work.
- **6.1.3** The date of Substantial Completion is the date certified by the City Contract Representative pursuant to Subsection 7.4.1 of Article 7 of these General Conditions. It is expressly agreed that the time for completion is a reasonable time, considering average climatic conditions and usual industrial conditions prevailing in the Cottonwood area.
- **6.1.4** The term "day" as used in the Contract shall mean calendar day.
- **6.1.5** By execution of the Contract documents, or by concurrence with the Notice to Proceed in the case of a job order, the Contractor acknowledges that the time described is a reasonable period for a competent Contractor to complete the Work.
- **6.1.6** The Contractor shall proceed expeditiously with adequate forces and shall achieve Substantial Completion within the agreed upon time frame. If the Contractor is delayed on any portion of the Work for any reason whatsoever, it shall expeditiously proceed on other portions of the Work which are not affected by such delay.

6.2 Liquidated Damages

6.2.1 The amount of liquidated damages, if applicable, shall be as specified in the Contract documents, or, in the case of a job-order, in the Notice to Proceed.

- **6.2.2** The Contractor has been put on notice that the City shall enforce the liquidated damages set forth in the Contract documents or Notice to Proceed.
- **6.2.3** The Contractor agrees that the City will incur damages if the Contractor fails to complete the Work within the Completion time or any approved extensions thereof and that the liquidated damages specified in the Contract or, in the case of a job-order, in the Notice to Proceed, represents a fair and equitable approximation of the City's damages.

Each calendar day that the Contractor shall fail to achieve Substantial Completion after the calendar date agreed to for the completion of the Work provided for in the Contract, the sum set forth in the Contract documents will be deducted from any monies due the Contractor, not as penalty, but as liquidated damages; provided however, that due account will be taken of any adjustments of the Completion time for the completion of the work allowed under the Contract.

Permission allowing the Contractor to continue and finish any part of the Work after the time fixed for its completion or after the date to which the time for completion may have been extended shall in no way operate as a waiver on the part of the City of any of its rights under the Contract.

Once substantial completion is granted, the Contractor shall achieve final completion within thirty (30) calendar days, unless otherwise agreed upon. If final completion does not occur within the agreed upon number of days, liquidated damages will commence on the first day after the agreed days, until final completion occurs.

6.3 Delays and Time Extensions

6.3.1 It is agreed that the City's only liability for any delay from any cause shall be limited to granting a time extension to the Contractor and that no extended general conditions for any delay will be applicable unless agreed to by the City. There is no other obligation, express or implied, on the part of the City to the Contractor for delay from any cause.

6.3.2 Force Majeure

- .1 Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of Force Majeure. The term "Force Majeure" means a major occurrence that is beyond the control of the parties affected and occurs without its fault or negligence. Force Majeure shall not include late performance by a sub-contractor unless the delay arises out of a Force Majeure occurrence in accordance with this Force Majeure term and condition.
- .2 If either party is delayed at any time in the progress of the work by Force Majeure, the delayed party shall immediately notify the other party in writing of such delay of the commencement thereof, and shall specify the causes of such delay in such notice. Such notice shall be hand-delivered or mailed certified-return receipt and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by contract modification for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract.
- **6.3.3** The completion time shall be extended when delay in completion of the Work by either the Contractor or the subcontractors is due to any preference, priority or allocation order duly issued by the Federal Government.

- **6.3.4** Time extensions shall only be granted for delays caused by the City, changes authorized in accordance with Article 8 of this agreement, or delays pursuant to sections 6.3.2 and 6.3.3.
- **6.3.5** Should a dispute arise between the Contractor and the City regarding a delay or time extension, the Contractor shall continue progress on the Work until the dispute is resolved.

7. PAYMENTS TO THE CONTRACTOR

7.1 Contract Price; Request for Payment; Schedule of Values

- **7.1.1** The Contract amount or coefficient stated in the Contract documents or, in the case of a job order, in the Notice to Proceed, plus or minus any authorized adjustments, is the amount payable by the City to the Contractor for performance of the Work under the Contract or for a specific job order.
- **7.1.2** During the course of construction, the Contractor shall request payment for work actually performed during the preceding month or some other time period as mutually agreed to, using "ESTIMATE FOR PAYMENT" forms, which are furnished by the City or a City Contract Representative. A schedule of values and an updated project schedule shall accompany the request for payment.

7.2 Certification and Payment

- 7.2.1 The City by mutual agreement may make progress payments on Contracts of less than ninety days and shall make monthly progress payments on all other Contracts as provided for in this paragraph. Payment to the Contractor on the basis of a duly certified and approved estimate for payment of the work performed during the preceding calendar month under the Contract may include payment for material and equipment. An estimate of the work submitted shall be deemed approved and certified for payment after seven days from the date of submission unless before that time the City or the City's designee prepares and issues a specific written finding setting forth those items in detail in the estimate of the work that are not approved for payment under the Contract. The City may withhold an amount from the progress payment sufficient to pay the expenses the City reasonably expects to incur in correcting the deficiency set forth in the written finding. The progress payments shall be paid on or before Thirty days after the estimate of the work is certified and approved. The estimate of the work shall be deemed received by the City on submission to any person designated by the City for the submission, review or approval of the estimate of the work.
- **7.2.2** On completion and acceptance of each separate building, public work or other division of the Contract on which the price is stated separately in the Contract, except as qualified in paragraph 7.2.5, payment may be made in full, less authorized deductions. In preparing estimates, the material and equipment delivered on the site to be incorporated in the job shall be taken into consideration in determining the estimated value by the architect, engineer or other person, as specified in the Contract.
- 7.2.3 The Contractor shall pay to the Contractor's subcontractors or material suppliers and each subcontractor shall pay to the subcontractor's subcontractor or material supplier, within seven days of receipt of each progress payment, unless otherwise agreed in writing by the parties, the respective amounts allowed the Contractor or subcontractor on account of the work performed by the subcontractors, to the extent of each subcontractor's interest, except that no Contract for construction services may materially alter the rights of any Contractor, subcontractor or material supplier to receive prompt and timely payment as provided under this section. The payments to subcontractors or material suppliers shall be based on payments received pursuant to this section. Any diversion by the Contractor or subcontractor of payments received for work performed on a Contract, or failure to reasonably account for the application or use of those payments, constitutes grounds for disciplinary action by the Registrar of Contractors. The subcontractor or material

- supplier shall notify the Registrar of Contractors and the City in writing of any payment less than the amount or percentage approved for the class or item of work as set forth in this section.
- **7.2.4** A subcontractor may notify the City in writing requesting that the subcontractor be notified by the City in writing within five days from payment of each progress payment made to the Contractor. The subcontractor's request remains in effect for the duration of the subcontractor's work on the project.
- **7.2.5.** Nothing in this section prevents the Contractor or subcontractor, at the time of application and certification to the City or Contractor, from withholding the application and certification to the City or Contractor for payment to the subcontractor or material supplier for unsatisfactory job progress, defective construction work or materials not remedied, disputed work or materials, third party claims filed or reasonable evidence that a claim will be filed, failure of a subcontractor to make timely payments for labor, equipment and materials, damage to the Contractor or another subcontractor, reasonable evidence that the subcontract cannot be completed for the unpaid balance of the subcontract sum or a reasonable amount for retention.
- **7.2.6** If any payment to a Contractor is delayed after the date due interest shall be paid at the rate of one per cent per month or fraction of a month on the unpaid balance as may be due.
- **7.2.7** If any periodic or final payment to a subcontractor is delayed by more than seven (7) days after receipt of the periodic or final payment by the Contractor or subcontractor, the Contractor or subcontractor shall pay the subcontractor or material supplier interest, beginning on the eighth day, at the rate of one per cent per month or fraction of a month on the unpaid balance as may be due.
- **7.2.8** Notwithstanding anything to the contrary in this section, this section applies only to amounts payable in a construction services Contract for construction and does not apply to amounts payable in a construction services Contract for design services, preconstruction services, finance services, maintenance services, operations services and other related services.
- **7.2.9** The City Contract Representative, with reasonable dispatch, will review the contents of the ESTIMATE FOR PAYMENT submitted by the Contractor, determine the sufficiency of the estimate, satisfy himself that the City has received full value, certify the estimate and submit it through normal channels for payment.
- **7.2.10** Neither the certification nor payment made to the Contractor, nor partial or entire use or occupancy of the Work by the City shall constitute an acceptance of any portion of the Work.

7.3 Payment Withheld

- **7.3.1** If the City Contract Representative is unable to certify a request for payment in whole or in part because, after observing the Work and the data comprising the ESTIMATE FOR PAYMENT, the City Contract Representative determines that the Work has not progressed or the quality of the Work is not in accordance with the Contract, the City Contract Representative shall promptly notify the Contractor. If the City Contract Representative and the Contractor cannot agree on a revised amount, the City Contract Representative will promptly issue a certificate for payment in an amount they determine is justified.
- **7.3.2** The City Contract Representative or other City official, as a result of subsequently discovered evidence, may also withhold or nullify the whole or a part of any certification to such extent as may be necessary to protect the City from loss on account of:
 - .1 Defective work not remedied.
 - .2 Third party claims filed or reasonable evidence indicating probable filing of such claims.

- .3 Failure of the Contractor to make payments properly to subcontractors or for labor, materials, or equipment.
- .4 Reasonable doubt that the Work can be completed for the unpaid balance of the Contract amount, or reasonable evidence that the Work will not be completed within the Completion time and that the unpaid balance would not be adequate to cover actual or liquidated damages for the anticipated delay.
- .5 Damage to another contractor or to the City.
- .6 Damage to the real or personal property of another and failure to repair or replace the same.
- .7 Persistent failure to carry out the Work in accordance with the Contract.
- **7.3.3** When the grounds for withholding payment have been corrected to the satisfaction of the City Contract Representative or other City official concerned, the City shall proceed to process any amounts due.

7.4 Substantial Completion

- 7.4.1 When the Contractor considers that the Work, or a portion thereof which the City has agreed to accept separately, is ready for its intended use, it shall notify the City Contract Representative in writing that the Work, or the agreed upon portion thereof, is substantially complete and request the City Contract Representative to issue a Certificate of Substantial Completion. reasonable time thereafter, the City Contract Representative will make an inspection of the Work, or the designated portion thereof, to determine the status of completion. If the inspection discloses any item that is not in accordance with the Contract, the Contractor shall, before issuance of the Certificate of Substantial Completion, complete or correct such item. Contractor shall then submit a request for a re-inspection by the City Contract Representative. When the Work or designated portion thereof is determined to be substantially complete, the City Contract Representative will prepare a Certificate of Substantial Completion for signature of the parties, fixing therein the date of Substantial Completion and establishing the responsibilities of the City and Contractor, pending final payment by the City, for security, maintenance, utilities, damage to the Work, and insurance, and shall fix the time within which the Contractor shall finish all items on the punch list attached to the certificate.
- **7.4.2** Warranties required by the Contract shall commence on the date of Final Completion for a period of two years, except where a specific provision of the Contract provides otherwise.

7.5 Final Completion and Final Payment

7.5.1 Upon receipt of notice from the Contractor that the Work is ready for final inspection and upon receipt of a request for final payment, the City Contract Representative will determine that all items on the punch list have been completed or corrected and the City will make payment for such work or portion thereof as provided for in the Contract.

7.6 Consent of Surety/ Lien Waivers and As-Built Drawings

7.6.1 Final payment shall become due when the Contractor provides to the Contract Officer a Consent of Surety Certificate from their bonding company, or lien waivers, at the Contract Officer's discretion and all completed as-built drawings.

7.7 Partial Utilization

- 7.7.1 The City may occupy or use any portion of the Work which the City and the Contractor agree constitutes a separately functioning and usable part of the Work that can be used by the City without significant interference with the Contractor's performance of the remainder of the Work. Such use or occupancy may commence whether or not the portion is substantially complete, provided the City and the Contractor have accepted in writing their mutual responsibilities regarding the used portion, including but not limited to insurance coverage, maintenance and utilities.
- **7.7.2** Partial use or occupancy of the Work by the City shall not constitute acceptance of Work not complying with the requirements of the Contract.

8. UNCOVERING AND CORRECTION OF WORK; CHANGES IN THE WORK

8.1 Uncovering of Work

- **8.1.1** Piping, wiring, ducts, etc., shall not be covered up before proper inspection, approval and certificates, if required, are issued. Should any work that is designated for inspection by the City Contract Representative or the Contract before covering is covered before such inspection, it must be uncovered by the Contractor at their expense when examination is ordered by the City Contract Representative.
- **8.1.2** If a portion of the Work not designated by the City Contract Representative or the Contract for inspection has been covered and the City Contract Representative or a Public Inspector orders such work uncovered for inspection, the Contractor shall immediately uncover such work. If such uncovered work is found to be in accordance with the Contract, an appropriate Change Order shall be issued to compensate the Contractor for the expense of uncovering and replacing the work. If such work is found to be not in compliance with the Contract, the Contractor shall pay such costs, unless the condition was caused by the City or a separate Contractor.
- **8.1.3** The City shall not be responsible for or bear the cost of any re-examination and replacement occasioned by defects in the work caused by subcontractors.

8.2 Correction of Work

- 8.2.1 Correction of Work Before Final Payment: The Contractor shall promptly remove from the site of the Work all materials and/or associated portions of the Work rejected by the City Contract Representative as failing to conform to the Contract, whether incorporated or not, and the Contractor shall promptly replace and re-execute the Work in accordance with the Contract, without expense to the City, and shall bear the expense of making good the work of other contractors destroyed or damaged by such removal or replacement. If the Contractor does not remove such rejected Work and/or materials within a reasonable time, fixed by written notice, the City may remove it and may store the materials at the expense of the Contractor.
- **8.2.2** Should the Contractor fail to repair such defective material and/or workmanship or to make replacements within five (5) calendar days after written notice by the City, it is agreed that the City may, at its sole discretion, make such repairs and replacements and the actual cost of the required labor and materials shall be chargeable to and payable by the Contractor or his surety.

8.3 Changes in the Work

8.3.1 The City Contract Representative may order extra work or make changes by altering, adding to or deducting from the Work, the Contract price being adjusted accordingly by Change Order without invalidating the Contract. All such work shall be executed under the conditions of the original Contract except that any claim for extension of time caused thereby shall be adjusted at the time of ordering such change.

- **8.3.2** If, instead of requiring corrections or removal of work not conforming to the requirements of the contract, the work is determined to be acceptable with diminished value in the sole judgment of the City Contract Representative, a change order shall be issued incorporating the necessary revisions in the contract, including an appropriate reduction in the contract price. Such a change order does not require the signature or approval of the Contractor. Such acceptance of non-conforming work shall not constitute a waiver of any other work required under this contract.
- **8.3.3** The value of any extra work or change ordered under the Contract shall be determined in one or more of the following ways:
 - .1 By estimate and acceptance in a lump sum.
 - .2 By unit prices in the Contract or subsequently agreed upon prices.
 - **.3** By a fixed fee.

9. SUSPENSION OR TERMINATION OF THE WORK

9.1 Suspension of the Work for Cause; City's Right to Perform the Work

- **9.1.1** If the Contractor fails to correct Work which is not in accordance with the Contract, or persistently fails to carry out the Work in accordance with the Contract, the Contract Officer, after consultation with the City Contract Representative, may order the Contractor in writing to stop the Work, or any portion of the Work, until the cause for such order has been eliminated.
- **9.1.2** If the Contractor fails to prosecute the Work properly or fails to perform any provision of this Contract, the City may, five (5) days after written notice to the Contractor, and without prejudice to any other remedy the City may have, make good such deficiencies and may deduct the cost thereof from the payment then or thereafter due the Contractor. If payments then or thereafter due the Contractor are not sufficient to cover such amounts, the Contractor and its surety shall be liable to the City for such deficiency.

9.2 Termination by the City for Cause

- **9.2.1** The City, upon certification by the City Contract Representative, without prejudice to any other right or remedy of the City and after giving the Contractor seven (7) days written notice, may terminate this Contract as to all or any part of the Work for any of the following reasons:
 - .1 If the Contractor abandons the Work, or unnecessarily delays the Work.
 - .2 If the Contractor should persistently or repeatedly refuse or fail to supply enough properly skilled workers or proper materials or competent subcontractor.
 - .3 If the Contractor fails to make payment to subcontractor for materials or labor in accordance with the respective agreements between the Contractor and the subcontractor or as expressly set forth herein.
 - **.4** If the Contractor persistently disregards laws, ordinances, or rules, regulations or orders of a public authority having jurisdiction, or persistently violates the conditions or covenants of this Contract.
 - .5 If the Contractor should be adjudged bankrupt.
 - **.6** If the Contractor should make a general assignment for the benefit of its creditors or if a receiver should be appointed on account of its insolvency.

- **.7** If the Contractor is otherwise in substantial breach of a provision of the Contract as determined by the City.
- **9.2.2** Upon termination of the Contract for any of the above reasons, the City, subject to any prior rights of the surety, may:
 - .1 Take possession of the Work and of all materials, equipment, tools, and construction equipment and machinery at the Work site or adjacent thereto belonging to the Contractor.
 - **.2** Accept assignment of subcontracts pursuant to Subsection 5.1.8 of Article 5 of these General Conditions.
 - .3 Finish the Work by whatever reasonable method the City may deem expedient. In completing the Work by a new contractor or by doing the Work itself, the City may use such equipment, materials, supplies, machinery, implements, tools and plant of the Contractor in the City's possession and may make all necessary repairs and replacements thereto.
- **9.2.3** If the City terminates the Contract for one of the reasons stated in Subsection 9.2.1, the Contractor shall not be entitled to receive any further payment.
- **9.2.4** The cost of fully completing the Work provided for under any new contract shall include the sum or sums of money to be paid by the City to other Contractors, all costs of repairs and replacements of machinery, implements, tools and plant of the Contractor hereunder, and also all sums of money paid for additional management and administrative services, including but not limited to the cost of the City Contract Representative's additional services and added expenses made necessary by the termination of the Contract.
- **9.2.5** If the unpaid balance of the Contract price exceeds costs of finishing the Work, such excess may, at the City's discretion, be paid to the Contractor. If such costs exceed the unpaid balance, the City may sell all materials, supplies, machinery, implements, tools and plant of the Contractor's then on hand, at public sale, on giving the Contractor twenty (20) days notice of the time and place of such sale, and the net proceeds derived from the sale of said property shall be applied against such costs. Should the amount received from the sale be insufficient to pay such deficiency, the Contractor and its surety shall be liable to pay the amount of the deficiency.

9.3 Suspension by the City for Convenience

- **9.3.1** The City may, without cause, order the Contractor in writing to suspend or interrupt the Work in whole or in part for such period of time as the City may determine whenever such suspension or interruption would be in the best interest of the City.
- **9.3.2** If the City suspends the Work for convenience, an adjustment shall be made for substantiated increases in the cost of performance of the Contract, if any, including profit on the increased cost of performance, caused by suspension or interruption. No adjustment shall be made to the extent:
 - .1 That performance is, was or would have been so suspended or interrupted by another cause for which the Contractor is responsible, or
 - .2 That an equitable adjustment is made or denied by the City.

9.4 Termination by the City for Convenience

- **9.4.1** The performance of the Work under this Contract may be terminated by the City, in whole or in part, in accordance with this clause whenever the City reasonably determines that such termination is in the best interest of the City. Any such termination shall be effected by delivery to the Contractor of a written Notice of Termination specifying the extent to which performance of the Work is terminated, and the date upon which such termination becomes effective.
- **9.4.2** If the Contract is terminated by the City as provided herein, the Contractor shall receive compensation for any Work performed and accepted, together with profit in proportion to the Work performed and accepted. The compensation shall include payment for contractual obligations reasonably incurred prior to termination. No amount shall be allowed for anticipated profit on unperformed Work.
- **9.4.3** In the event the City terminates the Work, in whole or in part, for cause pursuant to Section 9.2 of this Article 9 and the termination is later deemed to be unjustified, then such termination shall be automatically deemed a termination for convenience and the provisions of this Section 9.4 shall apply.
- **9.4.4** Termination of the Contract or portion thereof by the City for convenience shall not relieve the Contractor of their contractual responsibilities for the Work completed, nor shall it relieve the surety of its obligation for and concerning any just claim arising out of the Work completed.

9.5 Contractor's Right to Terminate Contract

- **9.5.1** The Contractor may terminate the Contract for any of the following reasons:
 - .1 If the Work should be stopped under an order of any court of competent jurisdiction or other public authority for a period in excess of one (1) month through no act or fault of the Contractor or of anyone directly or indirectly employed by him.
 - .2 If the City has failed to pay the Contractor within sixty (60) days after the date when any sum is certified for payment by the City Contract Representative, or
 - .3 If repeated suspensions or interruptions ordered by the City pursuant to Section 9.3 total in the aggregate more than one hundred percent (100%) of the total number of days scheduled for completion, or one hundred twenty (120) days in any three hundred sixty-five (365) day period, whichever is less.
- **9.5.2** If one of the above reasons exists, the Contractor may, upon seven (7) additional days, written notice to the City Contract Representative, stop Work and terminate the Contract and recover payment from the City for all Work executed and accepted by the City and any loss sustained upon any plant or materials and reasonable profit and damages.

10. CLAIMS AND DISPUTES

10.1 City Contract Representative's Resolution of Claims and Disputes; Review by Contract Officer

- **10.1.1** This Article relates to claims for additional compensation and any other differences between the parties arising under and by virtue of the Contract. Such claims are to be resolved at the earliest possible time and at the first responsible level so as to increase the possibility that such matters will be resolved without the vexation of an administrative hearing process, arbitration or litigation.
- **10.1.2** All claims, including but not limited to, claims relating to adjustments or interpretations of the Contract, payments of money, or other relief with respect to the terms of the Contract, shall be referred initially in writing to the City Contract Representative for action. The responsibility to substantiate claims shall rest with the party making the claim.

- 10.1.3 Claims by either party must be made within twenty-one (21) days after the event giving rise to the claim or within twenty-one (21) days after the claimant first becomes aware of the condition giving rise to the claim, whichever is later.
- **10.1.4** Pending final resolution of a claim, the Contractor shall proceed diligently with performance of the Contract and the City shall continue to make payments in accordance with the Contract.
- **10.1.5** The City Contract Representative shall, within twenty-one (21) days of receipt of a claim, issue one of the following:
 - .1 Issue a decision either rejecting or approving the claim.
 - .2 Suggest an equitable compromise of the claim.
 - .3 Provide a schedule to the Contractor indicating when they expect to be able to take action, which shall be within a reasonable time.
- **10.1.6** The City Contract Representative may require the submission of additional documentation from the Contractor to facilitate a decision.
- 10.1.7 The Contractor shall have ten (10) days from the date of the City Contract Representative's final decision rejecting or approving a claim, or suggesting a compromise, within which to accept or object to the decision. Failure of the Contractor to accept or object to the decision in writing within such ten (10) day period shall be deemed an acceptance of the decision. If the Contractor rejects the decision of the City Contract Representative in writing within such ten (10) day period, the matter shall be referred to the Contract Officer for de novo review.
- **10.1.8** The Contract Officer shall have sixty (60) days from receipt of a written objection by the Contractor to the City Contract Representative's final decision, or such longer period as the parties may stipulate in writing, to review the matter and issue a response. During such period, the Contract Officer may require such additional documentation or testimony as deemed necessary to support his/her response.

11. MISCELLANEOUS PROVISIONS

11.1 Governing Law

11.1.1 The Contract shall be governed and construed according to the laws of the Cottonwood City Code and the State of Arizona.

11.2 Written Notice

11.2.1 Written notice shall be deemed to have been duly served if delivered in person to the individual or a member of the firm or entity or to an officer of the corporation for which it was intended, or if delivered at or sent by registered or certified mail to the last known business address known to the party giving notice.

11.3 Conflict of Interest

11.3.1 The City shall also have the right to terminate this Contract pursuant to the conflict-of- interest provisions of A.R.S. Sec. 38-511 and to exercise any and all remedies provided in such statute. The City may cancel this Contract if any person significantly involved in negotiating, drafting, securing or obtaining this Contract for or on behalf of the City of Cottonwood becomes an employee in any capacity of any other party or a consultant to any other party with reference to the subject matter of this Contract.

11.4 Contractor

- **11.4.1** It is clearly understood that each party shall act in its individual capacity and not as an agent, employee, partner, joint venturer, or associate of the other. An employee or agent of one party shall not be deemed or construed to be the employee or agent of the other party for any purpose whatsoever.
- **11.4.2** Contractor shall not be entitled to compensation in the form of salaries, or to paid vacation or sick days by the City, and that such days do not accumulate for the use of same at a later date.
- **11.4.3** The City of Cottonwood will not provide any insurance coverage to Contractor, including Workers' Compensation coverage. The Contractor is advised that taxes or social security payments shall not be withheld from a City payment issued hereunder and that Contractor should make arrangements to directly pay such expenses, if any.

11.5 Gratuities

11.5.1 The City may, by written notice to the Contractor, cancel this Contract if it is found that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by the Contractor or any agent or representative of the Contractor, to any officer or employee of the City amending, or the making of any determinations with respect to the performing of such contract. In the event this Contract is canceled by the City pursuant to this provision, the City shall be entitled, in addition to any other rights and remedies, to recover or withhold from the Contractor the amount of the gratuity.

11.6 Provisions Required By Law

11.6.1 Each and every provision of law and any clause required by law to be in the Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party the Contract shall forthwith be physically amended to make such insertion or correction.

11.7 Severability

11.7.1 The provisions of this Contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the Contract which may remain in effect without the invalid provision or application.

11.8 Interpretation – Parol Evidence

11.8.1 This Contract is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms of this agreement. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any term used in this Contract. Acceptance or acquiescence in a course of performance rendered under this Contract shall not be relevant to determine the meaning of this Contract even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity to object.

11.9 Rights and Remedies

No provision in this document or in the Contractor's response shall be construed, expressly or by implication as a waiver by either party of any existing or future right and/or remedy available by law in the event of any claim or default or breach of contract. The failure of either party to insist upon the strict performance of any term or condition of the contract or to exercise or delay the exercise of any right or remedy provided in the Contract, or by law, or the acceptance of materials or services, obligations

imposed by this Contract or by law, and shall not be deemed a waiver of any right of either party to insist upon the strict performance of the Contract.

11.10 Right to Assurance

Whenever one party to this Contract in good faith has reason to question the other party's intent to perform, the former party may demand that the other party give a written assurance of this intent to perform. In the event that a demand is made and no written assurance is given within five (5) days, the demanding party may treat this failure as an anticipatory repudiation with this Contract.

SCOPE OF WORK

1. INTRODUCTION

Notice is hereby given that the City of Cottonwood (City) is conducting a competitive one-step process to retain up to three (3) Contractors for a Job Order Contract (JOC) to provide annual Underground Contracting services for the City of Cottonwood. Individual job orders should not exceed five hundred thousand dollars (\$500,000). The term of this contract will be two (2) years with three (3) one-year renewal options. However, services will be requested on an as-needed, if-needed basis and the resultant contract is neither exclusive nor a commitment by the City that the Contractor's services will be required.

2. BACKGROUND:

Job Order Contracting is an alternative delivery method for construction of public works projects. JOC's differ from the standard project-specific, low bid contracts in that they are indefinite-quantity contracts, which can be awarded on the basis of qualifications. Best value may be considered in awarding the JOC or in awarding job orders under the JOC contract.

3. SCOPE OF REQUIRED SERVICES:

The City of Cottonwood is in need of Water and Wastewater Utilities, Excavating and Storm Water Drainage Job Order Contracting which includes but is not limited to:

- Replacement of water and sewer service lines.
- Replacement of water and sewer main lines.
- Installation of new water and sewer main and service lines.
- Sewer manhole installation and rehabilitation.
- Mainline water valve replacement and new installation.
- Replacement and installation of fire hydrants.
- General excavating, compaction and grading.
- Confined space pipefitting and repair.
- Potholing for utility location.
- Pipefitting and replacement/installation of booster stations, wells and wastewater system components.
- Asphalt patching and surfacing including subgrade and base preparation.
- Concrete work including slabs, sidewalks, curb and gutter, etc.
- Flood control and drainage work.
- Demolition of structures.
- Other Miscellaneous tasks as required.

4. SPECIFICATIONS

All work shall be conducted by an underground contracting firm properly licensed by the State of Arizona and shall conform to Arizona Department of Environmental Quality (ADEQ) rules and guidelines.

5. SAFETY

The Contractor shall provide sufficient safety devices (cones, barricades, tape) to establish a safety zone around the work area. The Contractor shall submit a traffic control plan and provide its personnel with safety vests for

projects in the right of way or where vehicular traffic is present, or as requested by the City.

During the construction process, the Contractor shall comply with all applicable federal, state and local (City of Cottonwood) health and safety laws and regulations including, but not limited to all applicable "OSHA Standards for the Construction Industry" including, but not limited to, 29 CFR Part 1926, Subpart P – Excavations. Knowing and following OSHA Safety Standards is the Contractor's responsibility. The City may stop construction on a project until safety concerns have been corrected.

6. CLEAN UP

The Contractor shall clean up all trash and debris generated by their work in a manner acceptable to the using department.

CONSTRUCTION SERVICES AGREEMENT

THIS AGREEMENT, made and entered into this 20th day of September, 2016, by and between the City of Cottonwood, a municipal corporation organized and existing under the laws of the State of Arizona, hereinafter called the "City", and Mulcaire & Son Contracting, LLC, hereinafter called the "Contractor".

WITNESSETH: That the Contractor and the City, in consideration of the mutual covenants herein contained, agree as follows:

Contract Name: JOB ORDER CONTRACT (JOC) FOR UNDERGROUND CONTRACTING

Description: UNDERGROUND CONTRACTING SERVICES FOR THE CITY OF COTTONWOOD AT

VARIOUS LOCATIONS, INCLUDING THE COTTONWOOD MUNICIPAL WATER SERVICE

AREA

Term: TWO (2) YEARS WITH THREE (3) ADDITIONAL ONE-YEAR RENEWAL OPTIONS

1. Notice to Proceed, Completion Time, and Liquidated Damages

- **A.** It is agreed that the City Representative will issue the Notice to Proceed with the Work to be performed under this Contract within twenty (20) consecutive calendar days after the date of execution of this Agreement, except in job order contracts where a separate Notice to Proceed will be issued for each individual job order.
- **B.** The Contractor agrees that the Work shall be prosecuted promptly, regularly, diligently and uninterruptedly at such rate of progress as will ensure full completion thereof within the time specified. It is expressly agreed that the time for completion is a reasonable time, considering average climatic conditions and usual industrial conditions prevailing in the Cottonwood area.
- **C. Liquidated Damages.** Completion times will be specified in the Notice to Proceed. Applicable liquidated damages shall be assessed for each day the Work remains incomplete after the scheduled completion date. This amount is agreed upon because of the impracticability and extreme difficulty of ascertaining the actual damages the City will sustain on account of late completion.

2. Miscellaneous

- **A. Guarantee.** The Contractor shall guarantee all work under this Agreement against defects of material and workmanship for a minimum of two years from the date of Final Completion.
- **B.** Assignment. Neither party to this Agreement shall assign the Agreement or sublet it as a whole without the written consent of the other, nor shall the Contractor assign any monies due or to become due to him hereunder without the previous written consent of the City.
- **C. Contract Documents.** The following listed documents constitute the Contract Documents and they are all as fully a part of this Agreement as if repeated herein:
 - 1) Any and all amendments, Supplementary General Conditions and Special Requirements included herein.
 - 2) Construction Services Agreement.
 - 3) General Conditions for Construction.
 - 4) Special Terms and Conditions.
 - 5) Scope of Work, including any and all Standard, Special, Technical, and Supplementary Specifications included herein.
 - 6) The City's RFQ and any addenda for this project
 - 7) The Contractor's responses to the City's RFQ to the extent they do not conflict with the above
 - 8) Performance and Payment Bonds.

- 9) Insurance Requirements.
- **D. Precedence.** In the event of any inconsistency between any of the terms of the documents enumerated above, such inconsistency shall be resolved by giving precedent to the terms of the above documents in the order listed. Anything in these contract documents to the contrary notwithstanding, the provisions of all pertinent general public laws of the State of Arizona in effect at the time of the execution of this Agreement shall be a part of the Agreement between the parties and shall take precedence over all of the other contract documents.

IN WITNESS THEREOF, the parties hereto have executed three (3) identical counterpart copies of this Agreement on the date and year first written above, each of which copies shall for all purposes be deemed an original hereof.

CITY OF COTTONWOOD	CONSULTANT	
Diane Joens, Mayor	By:	
APPROVE AS TO FORM	ATTEST (If Corporation):	
Steven Horton, City Attorney	Secretary	
ATTEST	SEAL	
Marianne Jimenez, City Clerk		

SPECIAL TERMS AND CONDITIONS

- 1. **Number of Contracts to be Awarded.** The City intends to award up to three (3) contracts for the services described herein.
- 2. Basis for Awarding Individual Job Orders. In the event the City awards more than one (1) contract for these services, individual job orders will be awarded based upon consideration of the firm's ability to complete the work expeditiously and the proposed cost. The City intends to request price and schedule proposals from all contracted Contractors for each individual job order. However, when quoting individual job orders is impracticable, the City reserves the right to award job orders as it deems to be in its best interest.

Scope, schedule, price, and liquidated damages (if applicable) are agreed upon in a fully executed Notice to Proceed letter prior to Contractor beginning the work.

The Contractor shall be available on a five (5) day work basis throughout the term of the contract unless notified in writing by the City that this requirement may be temporarily waived due to the Contractor's approved written request or a reduced need by the City. The Contractor must be available to commence work on assignments within one week from award of an individual job order.

- 3. Contract Term and Renewal. The term of this contract shall commence upon award and shall remain in effect for a period of two (2) years, unless terminated, canceled or extended as otherwise provided herein. The Contractor agrees that the City of Cottonwood shall have the right, as its sole option, to renew the contract for three (3) additional one (1) year periods, or portions thereof. If the City chooses to exercise this option, all terms, conditions, and provisions of the original contract shall remain the same and apply during the renewal period with the possible exception of fee basis and minor scope additions and/or deletions.
- **4. Compensation and Method of Payment.** In consideration of the performance of the services described in the Scope of Services of each individual job order and pursuant to the master Scope of Work herein, the City shall pay the Contractor in accordance with the negotiated contract rates, and the Contractor shall charge the City only in accordance with those same rates.

Compensation under this contract should not exceed \$500.000 per individual job order unless a waiver is requested of and granted by the Administrative Services General Manager.

The City will pay the Contractor following the submission of itemized invoice(s) for the service rendered. No payment shall be issued prior to receipt of material or service and correct invoice.

All requests for payment shall follow a format to be approved by the City Representative. Invoices shall be submitted monthly on a job-by-job basis.

- **5. Bonding Requirements.** Contractor shall file with the City, prior to the time of execution of the contract and annually, if the term of this contract is extended by the City, payment and performance bonds in the forms prescribed by the City unless bonding per project. The bonds must cover all construction performed under job orders. The amount of the bonds provided by the Contractor must always be at least equal to the total amount of the contract prices for construction work under job orders issued and not complete. Contractor agrees to provide such additional bonding as may be required to satisfy this requirement, as provided under A.R.S. 34-610. Bonds may be provided as follows: annual bonds in the amount designated by the agency, or bonding per each individual job. Successful contractor(s) will designate bonding methodology prior to contract award.
- **6. Performance Rating.** At the completion of each term or termination of this contract, the City will evaluate the Contractor based on performance under this contract. This rating will be used in the overall evaluation of the Contractor when applying for future work with the City.
- 7. Audit and Inspection of Records. The Contractor shall permit the authorized representatives of the City of Cottonwood to inspect and audit any books, documents, papers, data and records relating to its performance under the contract until the expiration of three (3) years after final payment under this contract. The City shall have the right to audit and/or examine such records at any time during the progress of this contract and shall withhold payment if such documentation is found by the City to be incomplete or erroneous.

The following access to records requirements apply to this contract:

The Contractor agrees to provide the City of Cottonwood or any of its authorized representative's access to any books, documents, papers and records of the Contractor which are directly pertinent to this contract for the purposes of making audits, examinations, excerpts and transcriptions. The Contractor agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.

The Contractor agrees to maintain all books, records, accounts and reports required under this contract for a period of not less than three (3) years after the date of termination or expiration of this contract, except in the event of litigation or settlement of claims arising from the performance of this contract, in which case Contractor agrees to maintain same until the City of Cottonwood or any of its duly authorized representatives have disposed of all such litigation, appeals, claims or exceptions related thereto.

- **8. Contract Amendments.** The Administrative Services Department has the sole authority to:
 - A) Amend the contract or enter into supplemental verbal or written agreements;
 - B) Grant time extensions or contract renewals;
 - C) Otherwise modify the scope or terms and provisions of the contract.

The contract shall only be modified with the approval of the Administrative Services General Manager. Except in the case of documented emergency, approval must be granted prior to performance. Any contract modification not explicitly approved by the Administrative Services General Manager through a written contract amendment or change order is performed at the sole risk of the Contractor and may not be eligible for payment by the City.

- 9. Child/Sweat-Free Labor Policy. The Contractor shall comply with all applicable provisions of the United States Federal and State Child Labor and Worker's Right laws and agrees if called upon to affirm in writing, that they, and any subcontractor involved in the provision of goods to the City, are in compliance.
- Immigration Laws and Regulations. The Contractor warrants that it complies with all Federal Immigration laws and regulations that relate to its employees and complies with A.R.S. § 23-214(A) and that it requires the same compliance of all subcontractors under this contract. Contractor acknowledges that pursuant to A.R.S. § 41-4401 and effective September 30, 2008, a breach of this warranty is a material breach of this contract subject to penalties up to and including termination of this contract. The City retains the legal right to audit the records of the Contractor and inspect the papers of any employee who works for the Contractor to ensure compliance with this warranty and the Contractor shall assist in any such audit. The Contractor shall include the requirements of this paragraph in each contract with subcontractors under this contract.

If the Contractor or subcontractor warrants that it has complied with the employment verification provisions prescribed by sections 274(a) and 274(b) of the Federal Immigration and Nationality Act and the E-verify requirements prescribed by A.R.S. § 23-214(A), the Contractor or subcontractor shall be deemed to be in compliance with this provision. The City may request proof of such compliance at any time during the term of this contract by the Contractor and any subcontractor.

- **4. (ADA) Americans with Disabilities Act.** The Contractor shall comply with all applicable provisions of the Americans with Disabilities Act of 1990 (Public Law 101-336, 42 U.S.C. 12101-12213, 47 U.S.C. 225 and 611, and all regulations thereto), and the Arizonans with Disabilities Act of 1992 (A.R.S. 41-1492 et seq., and all regulations pertaining thereto).
- 5. City of Cottonwood Business License. The Contractor shall maintain in current status all Federal, State, and local registrations, licenses and permits, including a City of Cottonwood business registration, required for the operation of the business conducted by the Contractor as applicable to this contract.
- **6. Arizona Law.** This contract shall be governed and interpreted according to the laws of the State of Arizona.

- 7. **Jurisdiction and Venue.** The parties agree that this contract is made in and shall be performed in Yavapai County. Any lawsuits between the Parties arising out of this contract shall be brought in the courts of Yavapai County in the State of Arizona, which shall have exclusive jurisdiction over such lawsuits.
- **8. Fees and Costs.** Except as otherwise agreed by the parties, the prevailing party in any adjudicated dispute relating to this contract is entitled to an award of reasonable attorney's fees, expert witness fees and costs including, as applicable, arbitrator fees; provided, however, that no award of attorney's fees shall exceed ten percent (10%) of the damages awarded the prevailing party unless the non-prevailing party has been determined to have acted in bad faith or in a frivolous manner during the adjudication.
- **Notices.** All notices or demands required to be given pursuant to the terms of this contract shall be given to the other party in writing, delivered by hand or registered or certified mail, at the addresses set forth below, or to such other address as the parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of CITY: In the case of CONTRACTOR:

City of Cottonwood Purchasing Department 816 N. Main Street Cottonwood, AZ 86326 (928) 340-2714 Company Name: Mulcaire & Son Contracting, LLC
Contact: Jess Mulcaire
Address: PO Box 4055
City, State, Zip: Camp Verde, AZ 86322
Telephone Number: 928-567-2380

Notices shall be deemed received on date delivered, if delivered by hand, and on the delivery date indicated on receipt if delivered by certified or registered mail.

GENERAL CONDITIONS FOR CONSTRUCTION

1. **DEFINITIONS**

Wherever used in these General Conditions or in the other Contract Documents, the following terms have the meanings indicated which are applicable to both the singular and plural thereof:

Administrative Services General Manager - - the person acting as Director of the City's Purchasing Manager and who has authority to award and revise City solicitations and contracts for construction, construction services, and construction-related services as necessary.

Amendment - written or graphic instrument issued prior to the due date which clarifies, corrects or changes the Solicitation.

Architect/Engineer - the person licensed to practice architecture/engineering by the State of Arizona and who is identified as the Architect/Engineer of Record. May be utilized to provide construction administration services.

Bonds - bid, performance and payment bonds and other instruments of security.

Change Order - a document approved by the City Contract Representative and which is signed by the Contractor and the City's Administrative General Manager or duly authorized designee and authorizes an addition, deletion or revision in the Work, or an adjustment in the Contract Price or the Completion time, issued on or after the effective date of the Contract.

City - means the City of Cottonwood, Arizona, a municipal corporation.

City Contract Representative - the City official administering the Contract for the City of Cottonwood.

Completion Time - the number of consecutive calendar days agreed to by the City and Contractor for completion of the Work, which may be revised by written Change Order.

Construction – the process of building, altering, repairing, improving or demolishing any public structure or building or other public improvements of any kind to any real public property.

Construction-Manager-At-Risk – a project delivery method in which there is a separate contract for design services and a separate contract for construction services, with design and construction taking place in sequential or concurrent phases, and in which finance services, maintenance services, operations services and preconstruction services may be included.

Construction Services – either of the following for construction-manager-at-risk, design-build and job- order-contracting project delivery methods:

- a) construction, excluding services, through the construction-manager-at-risk or job-order-contracting project delivery methods;
- b) a combination of construction and, as elected by the City, one or more related services, such as finance services, maintenance services, operations services, design services and preconstruction services.

Contract - the written agreement and all associated attachments, drawings, amendments and change orders executed between the City and the Contractor covering the Work to be performed.

Contract Price - the amount payable by the City to the Contractor for satisfactory completion of the Work, and as specified in the Contract as may be amended by written Change Order, or, in the case of a job- order contract, in the Notice to Proceed.

Contract Officer - the City official who conducts the solicitation process to secure a Contractor for the Work and who acts under the authority and direction of the City's Administrative Services General Manager and in accordance with the Cottonwood Procurement Code.

Contractor - the person, firm or corporation with whom the City has entered into the Contract.

Design-Build – the process of entering into and managing a contract between the City and a contractor in which the Contractor agrees to both design and build a structure and in which design and construction services may be in sequential or concurrent phases, and which may include finance services, maintenance services, operations services, design services and preconstruction services.

Design Services – architect services, engineer services or landscape architect services.

Drawings - the graphic and pictorial portions of the contract, wherever located and whenever issued, showing the configuration, location and dimensions of the Work, generally including plans, elevations, sections, details, schedules and diagrams.

Estimate for Payment - a form furnished by the City or an approved form submitted by the Contractor in lieu of city furnished form, and is required to be used when submitting requests for payments for work actually performed and materials supplied during a an agreed-to preceding period of time.

Field Order - a written order or directive issued by the City Contract Representative that orders minor changes in the Work.

Final Completion Date - the calendar date when the Work is one hundred percent (100%) complete as determined by the City.

Job-Order-Contracting – a project delivery method in which the contract is a requirements contract for indefinite quantities of construction and in which specified job orders are issued during the contract and may include finance services, maintenance services, operations services, preconstruction services and design services.

Liquidated Damages – a sum set forth in the Contract documents that will be deducted from any monies due to the Contractor, not as a penalty, but in lieu of actual damages for late completion of the work.

Maintenance Services – routine maintenance, repair and replacement of existing facilities, structures, buildings or real property.

Notice to Proceed - a written notice given by the City to the Contractor fixing the date on which the Completion time will commence and upon which the Contractor shall start to perform the Contractor's obligations under the Contract. In the case of a job order, it may also contain the specifications exclusive to the job order as well as consideration for the Contractor.

Public Inspector(s) - that person or persons provided by the public authorities having code jurisdiction and who perform day-to-day inspections of the Work for compliance with applicable codes.

Schedule of Values - a schedule submitted by the Contractor setting forth the values allocated to various portions of the Work, prepared in such form and supported by such data to substantiate its accuracy as the City Contract Representative may require. This schedule must be submitted before the Contractor submits its first application for progress payment and shall be used as a basis for reviewing and approving payments to the Contractor.

Shop Drawings - drawings, diagrams, illustrations, schedules and other data which are specifically prepared by or for the Contractor to illustrate, in detail, how some portion of the Work shall be fabricated and/or installed, and all illustrations, brochures, standard schedules, performance charts, instructions, diagrams and other information prepared by a supplier and submitted by the Contractor to illustrate material or equipment for some portion of the Work.

Specifications - those portions of the Contract, or Notice to Proceed if a Job Order, consisting of written technical descriptions of materials, equipment, construction systems, standards and workmanship as applied to the Work and certain administrative details applicable thereto.

Substantial Completion – a written declaration of the date upon which the City, in its sole discretion, determines the Work is substantially complete such that the City has beneficial use and/or occupancy. Upon substantial completion, the right of the City to assess liquidated damages for time after the date of substantial completion ceases, except as allowed for failure to meet final completion within thirty days of substantial completion.

Cottonwood Procurement Code – in addition to applicable State statutes and applicable Federal regulations and requirements, the municipal ordinance that governs the construction services contracting process as well as contract administration processes including the resolution of contract claims, disputes and controversies.

The Work - the entire completed construction or the various separately identifiable parts thereof required to be furnished under the Contract, or, in the case of a job-order contract, within individual Notices to Proceed. Work is the result of performing services, furnishing labor and furnishing and incorporating materials and equipment into the construction, all as required by the Contract and/or Notice to Proceed, as appropriate.

2. THE CONTRACT ITS EXECUTION AND INTENT

2.1 The Contract

- **2.1.1** The documents in the Contract include any amendments, drawings, change orders and approved Contractor submittals.
- **2.1.2** The Contract comprises the entire agreement between the City and the Contractor concerning the Work and supersedes any prior negotiations, representations or agreements, either written or oral. The Contract may be amended or modified only by an instrument in writing and fully executed by the authorized parties to the Contract.

2.2 Intent of the Contract

- **2.2.1** The intent of the Contract is to include all labor, materials, equipment, transportation and all other costs and expenses necessary for the proper execution and completion of the Work by the Contractor.
- 2.2.2 The Contractor shall take no advantage of any apparent error or omission in the plans, estimated quantities or specifications. In the event the Contractor discovers such an error or omission after contract award, the Contractor shall immediately notify the City Contract Representative. The City Contract Representative shall then make such corrections and interpretations as may be deemed necessary for fulfilling the intent of the contract.
- 2.2.3 The Contract shall be construed in accordance with the laws of the State of Arizona, and all such laws regulating the construction of public works by the City are hereby incorporated herein by reference and made a part hereof.
- **2.2.4** Materials or work described in words, which have a well-known technical or trade meaning, shall be held to refer to such recognized standards.
- **2.2.5** The organization of the Contract into divisions, sections or articles is merely for the purpose of convenient reference, and neither the headings nor divisions shall have any legal or Contractual significance and shall not control the division of the Work by the Contractor among the various subcontractor or trades.
- **2.2.6** The Contractor shall include all applicable utility fees, permits, licenses, etc. in each estimate or proposal submitted.

2.3 Execution

2.3.1 Execution of the Contract by the Contractor is a representation that the Contractor has thoroughly examined the Contract.

2.4 Ownership of the Contract

2.4.1 The Contract, including, but not limited to, the drawings and specifications, is the property of the City and is not to be used by the Contractor or any subcontractor on other projects outside the scope of the Work without the express written consent of the City.

3. ADMINISTRATION OF THE CONTRACT

3.1 Lines of Authority and Communications

- 3.1.1 The City's Administrative Services General Manager is the City official with overall authority and responsibility for the award and administration of City Contracts. The Administrative Services General Manager or their designated Finance Department representative after consultation with the City Contract Representative has the ultimate authority to resolve disputes concerning Contract performance and to stop the Work whenever such stoppage may be necessary to ensure the proper execution of the Work.
- **3.1.2** The City Contract Representative is the designated representative of the particular City department for which the Work is being constructed (the "user department") or the City department which is responsible for the oversight of the work.
- **3.1.3** Day-to-day administration of the Contract is the responsibility of the City Contract Representative. The City Contract Representative is the City's representative during the prosecution of the Work and shall act as surveillance and technical advisor for the City. The City Contract Representative duties are more fully described in Section 3.2 of this Article.
- **3.1.4** The Contractor shall supervise and direct the Work and shall be solely responsible for, and have control over, construction means, methods, techniques, sequences and procedures, and for coordinating all portions of the Work, unless the Contract gives other specific instructions concerning these matters. The Contractor's duties and responsibilities are more fully described in Article 4 of these Contract conditions.
- **3.1.6** Except where the Contract otherwise provides or where direct communication has been specifically authorized, the Contractor shall initially communicate with the City Contract Representative.

3.2 City Contract Representative's General Authority and Responsibilities

3.2.1 Unless the Contractor is responsible for the design of the Work, the City Contract Representative shall furnish to the Contractor, free of charge unless it is provided otherwise in the Contract, up to three copies of drawings, specifications and instructions available for the execution of the Work. The City Contract Representative may furnish additional clarifications or interpretations in writing or by drawings as may be necessary for the proper progress and execution of the Work. Such additional clarifications and interpretations shall be furnished with reasonable promptness, and the Contractor shall not do work without drawings or written clarifications where needed. All drawings, specifications and copies thereof furnished by the City Contract Representative are City property. They are not to be used on other work and, with the exception of the signed Contract, and are to be returned to the City Contract Representative at the completion of the Work.

- **3.2.2** The City Contract Representative shall make general surveillance of the Work. By making sufficient periodic visits to the site of the Work, the City Contract Representative will become thoroughly familiar with the progress and quality of completed portions of the Work, and will assess if the Work is being performed in a manner indicating that the Work, when completed, will be in accordance with the Contract.
- **3.2.3** The City Contract Representative will decide all questions which may arise as to the quality and acceptability of materials furnished and Work performed and as to the rate of progress of the Work, and all questions which may arise as to the interpretation of the drawings and specifications.
- 3.2.4 The City Contract Representative shall have the authority to reject work that is not in conformity with the Contract and to order additional inspections and testing of the Work. The City Contract Representative's failure during the progress of work to discover or reject materials or work not in accordance with the plans, specifications or contract documents shall not be considered an acceptance of the work or materials or a waiver of defects. Neither the failure of the City Contract Representative to properly perform inspections, tests or approvals required by the contract documents nor the activities or duties of the City Contract Representative in the administration of this contract shall relieve the Contractor from the contractor's responsibility for the means, methods, techniques, sequences or scheduling of the construction or the obligation to perform the work in strict accordance with the contract documents.
- 3.2.5 The City Contract Representative shall conduct an initial review of, and approve or deny, written Change Orders submitted by the Contractor, and may prepare Change Orders and provide field clarifications and corrections. All Change Orders shall be approved by the Administrative Services General Manager or their designee <u>prior to any work being done</u>. However, in emergencies endangering life or property, the City Contract Representative may take action and issue orders which are deemed necessary to avert the loss of life or property.
- **3.2.6** The City Contract Representative, pursuant to Article 10 of these General Conditions, shall make recommendations to the Contract Officer as to all claims of the Contractor.
- **3.2.7** The City Contract Representative will review and process the Contractor's monthly Estimates for Payment, as more fully set forth in Article 7 of these General Conditions.
- **3.2.8** The City Contract Representative will conduct inspections to determine the dates of Substantial Completion and Final Completion and will certify such dates to the Contract Officer.
- **3.2.9** The City Contract Representative will not have control over or charge of, and will not be responsible for, construction means, methods, techniques, sequences or procedures, or for safety precautions and programs in connection with the Work, since these are solely the Contractor's responsibility.

3.3 Public Inspections

- **3.3.1** Unless otherwise specifically provided in the Contract, Public Inspectors who perform day-to-day inspections of the Work for compliance with applicable codes will have authority to require compliance with drawings, specifications and applicable codes, and may provide clarification of any unspecified or unclear item or situation.
- **3.3.2** If the drawings or specifications, laws, ordinances, or any public authority requires any work to be specially tested or approved, the Contractor shall give the City Contract Representative timely notice of its readiness for inspection. If the inspection is by an individual, authority or entity other than the City Contract Representative or the Public Inspectors, the Contractor shall advise the City Contract Representative of the date fixed for such inspection.

3.3.3 All tests, inspections or approvals required to be performed by the City Contract Representative, Public Inspectors, or other authorities or entities shall not relieve the Contractor of their obligation to perform the Work in accordance with the Contract.

3.4 Special Inspections and Testing of Materials

- **3.4.1** All equipment and materials used in the construction of the Work, especially those upon which the strength and durability of the structure may depend, will be subject to adequate inspection and testing in accordance with accepted standards, to establish conformance with specifications and suitability for the use intended, as determined by the City Contract Representative.
- **3.4.2** The performance of tests and the engagement of testing laboratories or agencies must have the prior approval of the City Contract Representative. Except as provided in subsection 3.4.3, the City will pay for approved tests and services rendered by the approved laboratory or agency in addition to the Contract price for construction.
- **3.4.3** When initial tests indicate that any portion of the Work is not in conformance with the Contract because of faulty workmanship, the Contractor shall be required to pay for necessary re-tests. When initial tests indicate that the work is in conformance with the Contract, any re-testing that's ordered by the City shall be paid for by the City.

4. THE CONTRACTOR'S DUTIES AND RESPONSIBILITIES

4.1 Contractor's Review of Contract and Site Conditions

- **4.1.1** It shall be the duty of the Contractor to carefully study and compare all drawings, specifications and instructions. If any discrepancies, errors, omissions or inconsistencies are discovered in the drawings or specifications, or between the drawings and specifications, or there are any conflicts between existing site conditions and the requirements of the drawings and specifications, the Contractor shall immediately call all such discrepancies to the attention of the City Contract Representative.
- 4.1.2 The Contractor shall be required to use, for data and dimensions, figures marked on the drawings in preference to what the drawings may measure to scale; but in the absence of figured dimensions, scale dimensions may be used with the prior written concurrence of the City Contract Representative. The Contractor shall verify all dimensions shown and check all measurements in connection with any present building or buildings, level or grades, walks, driveways or other existing conditions before executing any work. Errors or inconsistencies shall be reported to the City Contract Representative immediately. It is the responsibility of the Contractor to provide BLUESTAKE verification of underground utilities on which may impact construction site.
- **4.1.3** Change orders will not be issued to cover any cost, loss or expense for additional labor or materials required to rectify any error or inconsistency in the drawings and specifications unless prior notification is given by the Contractor to the City Contract Representative.
- **4.1.4** The Contractor shall perform the Work in accordance with the Contract and with shop drawings, product data and samples that have been approved by the City Contract Representative.
- **4.1.5** Notwithstanding the above provisions, if the Contractor is responsible for the design of the Work, the Contractor shall ensure the accuracy and completeness of the drawings, specifications and instructions. If any discrepancies, errors, omissions or inconsistencies are discovered in the drawings or specifications, or between the drawings and specifications, or there are any conflicts between existing site conditions and the requirements of the drawings and specifications, the Contractor shall immediately call all such discrepancies to the attention of the City Contract Representative and shall be responsible for any required corrective action.

4.2 Contractor's Supervision

- **4.2.1** The Contractor shall efficiently and continuously supervise and direct the Work, using its best skill and attention. Unless the Contract specifically provides otherwise, the Contractor shall be solely responsible for and shall exercise control over construction means, methods, techniques and procedures and shall coordinate the sequences of all portions of the Work.
- **4.2.2** The Contractor shall ensure that the key personnel submitted in response to the Request for Qualifications and assigned to this Contract are available throughout the term of the Contract. In the event that the Contractor requests substitution of key personnel, the Contractor shall obtain prior approval from the City for key personnel substitution. The Contractor shall ensure that substituted personnel are equally qualified and capable. Information on the qualifications of proposed substitutes shall be provided to the City for its consideration and approval prior to substitution taking place.
- **4.2.3** The Contractor agrees that it is as fully responsible to the City for the acts and omissions of its subcontractors and of persons, either directly or indirectly employed by the Contractor, as it is for the acts and omissions of persons directly employed by the Contractor.

4.3 Materials and Labor; Warranty

4.3.1 Unless otherwise stipulated, the Contractor shall provide and pay for all materials, labor, equipment, tools, construction equipment and machinery, water, gas, heat, utilities, transportation, and other facilities and services necessary for the execution, completion and delivery of the Work within the specified Completion Time.

4.3.2 The Contractor shall pay all applicable taxes associated with the Work.

- **4.3.3** The Contractor warrants to the City that all materials and equipment furnished under the Contract will be new unless otherwise specified, and that all of the Work will be of good quality, free from faults and defects and in conformance with the Contract. All Work not conforming to these requirements, including substitutions not properly approved and authorized, may be considered defective.
- **4.3.4** The Contractor shall furnish all materials required to complete the work, except those specified to be furnished by the Agency. The Contractor shall receive, inventory, store, inspect, protect, distribute, and install Agency furnished material unless otherwise specified. The cost of handling and placing all materials after they are delivered to the Contractor shall be considered as included in the contract price for the item in connection with which they are used. The Contractor shall be held responsible for all material delivered to the contractor. Deductions shall be made from any monies due the Contractor to make good any shortages or deficiencies, from any cause whatsoever and for any damage which may occur after such delivery, and for any late delivery charges.
- **4.3.5** The Contractor will be held to furnish all work as specified in the Contract. After a price proposal for the Work has been accepted by the City, changes of brand named, trade named, trademarked, patented articles, or any other substitutions will be allowed only by written order signed by the City Contract Representative. Unless otherwise agreed to via Change Order, the City shall receive all benefits of the difference in costs.
- **4.3.6** Materials not conforming to the requirements of the specifications, whether in place or not, shall be rejected and shall be promptly removed from the site of the work, unless otherwise directed by the City Contract Representative. No rejected material, the defects of which have been corrected, shall be returned to the work site until such time as approval for its use has been given by the City Contract Representative.

4.4 Construction Schedules and Submittals

- **4.4.1** Before commencing the Work, the Contractor shall provide the City Contract Representative with a construction schedule for the Work, fixing the dates at which various predetermined events shall occur in order to promote a timely completion of the various parts of the Work in accordance with the Contract. The schedule may be revised from time to time as may be required by conditions of the Work, but shall not exceed time limits, or any extensions thereof, set forth in the Contract or in the individual job order, as appropriate.
- **4.4.2** The Contractor shall prepare and keep current for the City Contract Representative's approval, a schedule of submittals which shall be coordinated with the Contractor's construction schedule and allow the City Contract Representative reasonable time to review such submittals.
- **4.4.3** After review, the City Contract Representative, with reasonable promptness, shall approve these shop or setting drawings, product data, samples and sequences for conformance with the design concept of the project, the approved construction schedule, and other requirements of the Contract.
- **4.4.4** The Contractor shall make any corrections required by the City Contract Representative and resubmit such corrected materials to the City Contract Representative for approval. Any correction or change that will result in a design or function change or in an increase or decrease in the Contract price must also receive the prior approval of the City's Administrative Services General Manager or their designee.
- **4.4.5** The Contractor shall perform no portion of the Work requiring submittal and review of shop drawings, product data, samples or schedules until the respective submittals have been approved by the City Contract Representative, and shall not deviate from such submittals after final approval by the City Contract Representative.
- **4.4.6** As-builts documents must be provided to the City by the Contractor within thirty days of substantial completion. The City reserves the right to withhold final payment until complete asbuilts have been received in good order by the City Contract Representative.

4.5 Documents and Samples at the Work Site

4.5.1 Unless otherwise directed by the City's Contract Representative, the Contractor shall maintain at the Work site a complete file of the drawings, specifications, amendments, change orders and other approved modifications, in good order and marked to reflect changes and selections made during construction, together with all approved shop drawings, product data, samples and similar required submittals. Such files shall be made available to the City Contract Representative and Public Inspectors upon request.

4.6 Protection and Use of Site - (Signs, Utilities, Water, Sanitation, Traffic, etc.)

- **4.6.1** The City will provide land, rights-of-way and easements for all work specified in the Contract. The Contractor shall confine their apparatus, the storage of materials and the operations of its workmen to limits indicated by law, ordinances, permits or directions of the City Contract Representative, and shall not unreasonably encumber the premises with their material and equipment.
- **4.6.2** Contractor shall prevent any damage to pipes, sewers, computer and phone lines, conduits or other structures, including public and/or private lawns, gardens, shrubbery and trees encountered in the Work, and shall hold the City harmless from damages for any injury done to such pipes, structures or property during the course of the Work.

- **4.6.3** Work shall be accomplished so that there will be a minimum of traffic interruption and inconvenience, discomfort or damage to the public.
- **4.6.4** The Contractor shall supply safe drinking water for all Contractor employees at the Work site.
- 4.6.5 If archaeological, historical or paleontological features are encountered or discovered during any activity related to the Work, the Contractor shall stop work immediately at that location and shall take all reasonable steps to secure the preservation of those features. The City Contract Representative will make arrangements for the proper treatment of the affected portion of the Work site. The Contractor shall not resume work in the affected portion without the prior approval of the City Contract Representative. Extensions in the Completion time for delays resulting from the discovery of archaeological, historical or paleontological features, if such discovery results in a delay to the progress of the Work, may be claimed by the Contractor in accordance with Article 10 of these General Conditions.

4.7 Cleaning Up

- **4.7.1** The Contractor shall at all time keep the construction site and surrounding area free from accumulations of waste material or rubbish caused by operations under the Contract. Upon completion of the Work, the Contractor shall remove all rubbish, tools, equipment, scaffolding and surplus materials from the site and surrounding areas and leave the area "broom clean" or its equivalent, unless otherwise instructed by the City Contract Representative.
- **4.7.2** If the Contractor fails to clean up as provided in the Contract, the City may do so and the cost thereof shall be charged against the Contractor.

4.8 Emergencies

- **4.8.1** In an emergency affecting the safety of life or property, the Contractor, without special instruction or authorization from the City Contract Representative, is hereby permitted, authorized and directed to act at its own discretion to prevent threatened loss or injury.
- **4.8.4** Except in the case of an emergency requiring immediate remedial work, any work performed after regular working hours, on Saturdays, Sundays or legal holidays shall be performed without additional expense to the City unless such work has been specifically requested and approved by the City Contract Representative.
- **4.8.5** The Contractor shall file with the City Contract Representative the names, addresses and telephone numbers of their employees who can be contacted at any time in case of emergency. These Contractor representatives must be fully authorized and equipped to correct unsafe or excessively inconvenient conditions on short notice by the City or the Public Inspectors.

4.9 Permits, Fees and Notices

- **4.9.1** The Contractor shall, at their expense, obtain all necessary permits and licenses for work performed under the Contract, and shall give all necessary notices required by laws, ordinances, rules, regulations and lawful orders of public authorities pertaining to performance of the Work, public health and safety.
- **4.9.2** If the Contractor knowingly performs work which is not in compliance with such laws, ordinances, rules, regulations or orders, without such notice to the City Contract Representative, the Contractor shall assume full responsibility for such Work and shall bear all costs attributable thereto.

4.10 Royalties and Patents

- **4.10.1** The Contractor shall pay all royalties and license fees.
- **4.10.2** The Contractor and the surety shall defend any suit or proceeding brought against the procuring agency, during the prosecution or after the completion of the work, based on a claim that manufacture, sale, or use of any method, process, machine, technique, design, living thing, genetic material, or composition of matter, or any part thereof, furnished or used under this Contract constitutes an infringement of any patent, trademark, or copyright, and the Contractor shall pay all damages and costs awarded therein, against the procuring agency and any affected third party or political subdivision. If manufacture, sale, or use of said method, process, machine, technique, design, living thing, genetic material, or composition of matter, or any part thereof, is in such suit held to constitute infringement and if manufacture, sale, or use of said method, process, machine, technique, design, living thing, genetic material, or composition of matter, or part thereof, is enjoined, the Contractor shall, at its own expense, either procure for the procuring agency the right to continue manufacture, sale, or use of said method, process, machine, technique, design, living thing, genetic material, or composition of matter, or part thereof, or, subject to Engineer's approval, replace same with noninfringing method, process, machine, technique, design, living thing, genetic material, or composition of matter, or part, or modify it so it becomes noninfringing.
- **4.10.3** If appropriate, the Contractor shall furnish the City Contract Representative satisfactory evidence of patent licenses or patent releases covering City-specified proprietary materials, equipment, devices or processes, as the case may be.

4.11 Protection of Persons and Property

- **4.11.1** The Contractor shall be responsible for initiating, maintaining, supervising and directing all safety precautions and programs in connection with the performance of the Contract.
- **4.11.2** The Contractor shall be responsible for the protection of all Work until completion and final payment is made, including any material or equipment to be incorporated whether in storage on or off the Work site.
- **4.11.3** The Contractor shall, at their own expense, replace damaged or lost material, or repair damaged parts of the Work or of other property at the work site or adjacent thereto, and the Contractor and their sureties shall be liable therefore.
- **4.11.4** The Contractor shall assume all risks from floods and casualties and shall make no claim for damages for delay from such causes. However, a reasonable extension of time on account of such delays may be allowed, subject to the conditions contained in Article 6 of these General Conditions.
- **4.11.5** In the event the Contractor encounters on the work site material reasonably believed to be a hazardous material, such as asbestos or polychlorinated biphenyl (PCB), the Contractor shall immediately stop work in the area affected and report the condition to the City Contract Representative.
- **4.11.6** The Contractor shall take all necessary precautions for the safety of employees on the work site and other persons who may be affected thereby, and shall comply with all applicable provisions of Federal, State and Municipal safety laws and building codes to prevent accidents or injury to persons on, about or adjacent to the premises where the Work is being performed. The Contractor shall erect and properly maintain at all times, as required by the condition and progress of the Work, all necessary safeguards for the protection of workmen and the public and shall post danger signs warning against the hazards created by such features of construction as

protruding nails, hod hoists, well holes, elevator hatchways, scaffolding, window openings, stairways and falling materials.

4.11.7 The Contractor warrants it is fully familiar and shall comply with all of the safety requirements of the Occupational Safety and Health Act (29 U.S.C. Sections 641-678, or as amended or recodified from time to time). Also the Hazard Communication Act relating to the use of hazardous materials (29 C.F.R. 1910-1200, or as amended or recodified from time to time), as promulgated by the Federal Government and as implemented by the State of Arizona, and that it will be solely responsible for all fines and penalties provided for by law for any violation of such Act and, furthermore, shall require all subcontractors to comply with such Acts and with the provisions of this section. Any claims arising out of alleged violations of such Acts are covered by the indemnification set forth in Section 4.12.

Indemnification and Insurance 4.12

4.12.1 To the fullest extent permitted by law, Contractor, its successors, assigns and guarantors, shall pay, defend, indemnify and hold harmless City of Cottonwood, its agents, representatives, officers, directors, officials and employees from and against all allegations, demands, proceedings, suits, actions, claims, damages, losses, expenses, including but not limited to, attorney fees, court costs, and the cost of appellate proceedings, and all claim adjusting and handling expense, related to, arising from or out of or resulting from any actions, acts, errors, mistakes or omissions caused in whole or part by Contractor relating to work or services in the performance of this Contract, including but not limited to, any Subcontractor or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable and any injury or damages claimed by any of Contractor's and Subcontractor's employees, provided, however, that this duty to indemnify, hold harmless and defend shall not include losses, damages, claims, liabilities, costs and expenses to the extent arising from the acts or omissions of the City.

4.12.2 The Contractor Agrees to:

- .1 Obtain insurance coverage of the types and amounts required in this subsection and keep such insurance coverage in force throughout the life of the Contract. The Contractor will provide satisfactory certificates of the required coverage to the Contracting Officer before beginning the Work. All policies will contain an endorsement providing that written notice be given to the City at least ten (10) calendar days prior to termination, cancellation or reduction in coverage in any policy.
- .2 Include the City as an additional insured on the General Liability Insurance and Automobile Liability Insurance policies with respect to liability arising out of the performance of the Work. Policies shall contain a waiver of subrogation against the City. The Contractor agrees that the insurance required hereunder will be primary and that any insurance carried by the City will be excess and not contributing.

.3 Provide and maintain minimum insurance coverage as follows:

Coverage Afforded	Limits of Liability	
Worker's Compensation		Statutory
Commercial General Liability		\$1,000,000
Products & Completed Operations		\$1,000,000
Blanket Contractual		\$1,000,000
Explosion, Collapse & Underground Hazard		\$1,000,000
Premises-Operations		\$1,000,000
Personal and Advertising Injury		\$1,000,000

Automobile Liability

Insurance Including:

- 1. Non-Owned
- 2. Leased
- 3. Hired Vehicles
- .4 In the event any of the Work is subcontracted, the Contractor shall require the subcontractor to provide Workers' Compensation insurance for all of the subcontractor's employees engaged in the Work, unless such employees are covered by the protection afforded by the Contractor's Workers' Compensation insurance. In case any class of employees engaged in hazardous work under the Contract is not protected under the Workers' Compensation statute, the Contractor shall provide, and shall cause each subcontractor to provide, adequate employer's general liability insurance for the protection of such of their employees as are not otherwise protected.

5. SUBCONTRACTS AND SEPARATE CONTRACTS

5.1 Subcontracts

- 5.1.1 The Contractor shall ensure that the assigned to this Contract are available throughout the term of the Contract. In the event that the Contractor requests substitution of subcontractors, the Contractor shall obtain prior approval from the City for subcontractor substitution. The Contractor shall ensure that substituted subcontractors are equally qualified and capable. Information on the qualifications of proposed substitutes shall be provided to the City for its consideration and approval prior to substitution taking place.
- 5.1.2 In job-order-contracting, by appropriate written agreement, the Contractor agrees that each subcontractor has been notified in writing of the negotiated amount or coefficient agreed to for billing purposes. Furthermore, by appropriate written agreement, the Contractor agrees that each subcontractor shall be bound to the Contractor by the terms of this Contract. In the event of a conflict between the substance of a written subcontract and the language of this Contract, the language of this Contract shall prevail.
- 5.1.3 Contractor shall ensure that each subcontract shall preserve and protect the rights of the City under the Contract with respect to the work to be performed by the subcontractor. Where appropriate, the Contractor shall require each subcontractor to enter into similar agreements with sub-subcontractors. In this connection, the Contractor shall make available to each subcontractor, prior to execution of any subcontract, copies of the Contract provisions to which the subcontractor will be bound. Subcontractors shall also make copies of applicable portions of the Contract available to their respective subcontractors.
- **5.1.4** Each subcontract will require the subcontractor to submit to the Contractor applications for payment in such reasonable time as to enable the Contractor to apply for payment to the City in a timely manner, including any claims for extras, extensions of time, and damages for delays or otherwise to the Contractor in the manner provided in the Contract for like claims by the Contractor upon the City.

5.1.5 The Contractor further agrees:

- .1 To be bound to the subcontractor by all the obligations that the City assumes to the Contractor under this Contract, and by all provisions thereof affording remedies and redress to the Contractor from the City.
- .2 To promptly pay the subcontractor in accordance with applicable State statute.

- .3 That, at all times, the subcontractors' total payments shall be proportionate to the value of the labor and materials provided by them. Payment may be preconditioned upon the subcontractors providing the Contractor with requested significant partial or final lien waivers.
- .4 To pay the subcontractor to such extent as may be provided by the Contract or the subcontract, if either of these provides for earlier or larger payments than the above.
- .5 To ensure timely payment to subcontractors for their work as performed and for materials fixed in place, less any applicable retention, despite any delay by the City in making payments to the Contractor for any cause not the fault of the subcontractor.
- **.6** To share or forward, as appropriate, with its subcontractors or, as appropriate, with the City, any fire insurance money received by the Contractor under the insurance provisions of the Contract.
- .7 That no claim for services rendered or materials furnished by the Contractor to the subcontractor shall be valid unless written notice thereof is given by the Contractor to the subcontractor during the first ten (10) days of the calendar month following that in which the claim originated.
- **.8** To give the subcontractor an opportunity to be present and to submit evidence in any Contractual claim, controversy or dispute.
- 5.1.7 Nothing in this Article shall create any obligation on the part of the City to pay to, or to see to the payment of, any sums to any subcontractor, except as may otherwise be required by law.
- **5.1.8** Each subcontract agreement for a portion of the Work is hereby assignable by the Contractor to the City provided that:
 - .1 Assignment is effective at the sole option of the City and only upon termination of the Contract for cause pursuant to Article 9 of these General Conditions, and only for those subcontract agreements which the City determines to accept by notifying the subcontractor in writing, and
 - .2 Assignment is subject to the prior rights of the surety obligated under the Bonds relating to the Contract.

5.2 Separate Contracts

- **5.2.1** The City reserves the right to perform construction or operations related to the Work with the City's own forces and to let separate Contracts in connection with other portions of the Work or other construction or operations on the Work site.
- **5.2.2** The Contractor shall afford other Contractors on the Work site reasonable opportunity for the introduction and storage of their materials and the execution of their work, and shall properly connect and coordinate its work with theirs.
- **5.2.3** The City Contract Representative shall coordinate the activities of the City's own forces and of each separate Contractor with the work of the Contractor. The Contractor and all other Contractors on the Work site shall be required to review their construction schedules and cooperate with the City Contract Representative in coordinating the various portions of the Work with the schedules of such separate contractors.

- 5.2.4 If any part of the Contractor's work depends, for proper execution or results, upon the work of any other contractor, the Contractor shall inspect and promptly report to the City Contract Representative any defects in such work that render it unsuitable for continuance of the Contractor's Work. Failure to inspect and report may constitute an acceptance of the other contractor's work as fit and proper for the reception of the Contractor's Work, except as to defects not then reasonably discoverable.
- **5.2.5** Costs caused by the Contractor because of delays or by improperly timed activities or defective construction shall be borne solely by the Contractor.
- 5.2.6 If the Contractor causes damage to any separate contractor on the site, the Contractor, upon due notice, agrees to settle with such separate contractor by agreement or arbitration, if he will so settle. If such separate contractor sues the City on account of any damage alleged to have been so sustained, the City shall notify the Contractor, who shall defend such proceedings and, if any judgment against the City arises therefrom, the Contractor shall pay or satisfy it.
- **5.2.7** Should separate contractors on the Work cause any damage, cost or loss to the Contractor, the City shall not be held responsible or liable therefore in any way other than extensions of completion time in accordance with Article 6 of these General Conditions.

6. TIME FACTORS; LIQUIDATED DAMAGES

6.1 Time

- **6.1.1** Unless otherwise provided in the Notice to Proceed, the Completion Time is the number of calendar days, including authorized time extensions, specified for completion of the Work.
- 6.1.2 Completion Time shall commence on the day specified in the Notice to Proceed. The date shall not be postponed on account of the failure of the Contractor, or of any of its subcontractors to take any action required to commence the Work.
- **6.1.3** The date of Substantial Completion is the date certified by the City Contract Representative pursuant to Subsection 7.4.1 of Article 7 of these General Conditions. It is expressly agreed that the time for completion is a reasonable time, considering average climatic conditions and usual industrial conditions prevailing in the Cottonwood area.
- **6.1.4** The term "day" as used in the Contract shall mean calendar day.
- **6.1.5** By execution of the Contract documents, or by concurrence with the Notice to Proceed in the case of a job order, the Contractor acknowledges that the time described is a reasonable period for a competent Contractor to complete the Work.
- **6.1.6** The Contractor shall proceed expeditiously with adequate forces and shall achieve Substantial Completion within the agreed upon time frame. If the Contractor is delayed on any portion of the Work for any reason whatsoever, it shall expeditiously proceed on other portions of the Work which are not affected by such delay.

6.2 Liquidated Damages

6.2.1 The amount of liquidated damages, if applicable, shall be as specified in the Contract documents, or, in the case of a job-order, in the Notice to Proceed.

- **6.2.2** The Contractor has been put on notice that the City shall enforce the liquidated damages set forth in the Contract documents or Notice to Proceed.
- **6.2.3** The Contractor agrees that the City will incur damages if the Contractor fails to complete the Work within the Completion time or any approved extensions thereof and that the liquidated damages specified in the Contract or, in the case of a job-order, in the Notice to Proceed, represents a fair and equitable approximation of the City's damages.

Each calendar day that the Contractor shall fail to achieve Substantial Completion after the calendar date agreed to for the completion of the Work provided for in the Contract, the sum set forth in the Contract documents will be deducted from any monies due the Contractor, not as penalty, but as liquidated damages; provided however, that due account will be taken of any adjustments of the Completion time for the completion of the work allowed under the Contract.

Permission allowing the Contractor to continue and finish any part of the Work after the time fixed for its completion or after the date to which the time for completion may have been extended shall in no way operate as a waiver on the part of the City of any of its rights under the Contract.

Once substantial completion is granted, the Contractor shall achieve final completion within thirty (30) calendar days, unless otherwise agreed upon. If final completion does not occur within the agreed upon number of days, liquidated damages will commence on the first day after the agreed days, until final completion occurs.

6.3 Delays and Time Extensions

6.3.1 It is agreed that the City's only liability for any delay from any cause shall be limited to granting a time extension to the Contractor and that no extended general conditions for any delay will be applicable unless agreed to by the City. There is no other obligation, express or implied, on the part of the City to the Contractor for delay from any cause.

6.3.2 Force Majeure

- .1 Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of Force Majeure. The term "Force Majeure" means a major occurrence that is beyond the control of the parties affected and occurs without its fault or negligence. Force Majeure shall not include late performance by a sub-contractor unless the delay arises out of a Force Majeure occurrence in accordance with this Force Majeure term and condition.
- .2 If either party is delayed at any time in the progress of the work by Force Majeure, the delayed party shall immediately notify the other party in writing of such delay of the commencement thereof, and shall specify the causes of such delay in such notice. Such notice shall be hand-delivered or mailed certified-return receipt and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by contract modification for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract.
- **6.3.3** The completion time shall be extended when delay in completion of the Work by either the Contractor or the subcontractors is due to any preference, priority or allocation order duly issued by the Federal Government.

- **6.3.4** Time extensions shall only be granted for delays caused by the City, changes authorized in accordance with Article 8 of this agreement, or delays pursuant to sections 6.3.2 and 6.3.3.
- **6.3.5** Should a dispute arise between the Contractor and the City regarding a delay or time extension, the Contractor shall continue progress on the Work until the dispute is resolved.

7. PAYMENTS TO THE CONTRACTOR

7.1 Contract Price; Request for Payment; Schedule of Values

- **7.1.1** The Contract amount or coefficient stated in the Contract documents or, in the case of a job order, in the Notice to Proceed, plus or minus any authorized adjustments, is the amount payable by the City to the Contractor for performance of the Work under the Contract or for a specific job order.
- **7.1.2** During the course of construction, the Contractor shall request payment for work actually performed during the preceding month or some other time period as mutually agreed to, using "ESTIMATE FOR PAYMENT" forms, which are furnished by the City or a City Contract Representative. A schedule of values and an updated project schedule shall accompany the request for payment.

7.2 Certification and Payment

- 7.2.1 The City by mutual agreement may make progress payments on Contracts of less than ninety days and shall make monthly progress payments on all other Contracts as provided for in this paragraph. Payment to the Contractor on the basis of a duly certified and approved estimate for payment of the work performed during the preceding calendar month under the Contract may include payment for material and equipment. An estimate of the work submitted shall be deemed approved and certified for payment after seven days from the date of submission unless before that time the City or the City's designee prepares and issues a specific written finding setting forth those items in detail in the estimate of the work that are not approved for payment under the Contract. The City may withhold an amount from the progress payment sufficient to pay the expenses the City reasonably expects to incur in correcting the deficiency set forth in the written finding. The progress payments shall be paid on or before Thirty days after the estimate of the work is certified and approved. The estimate of the work shall be deemed received by the City on submission to any person designated by the City for the submission, review or approval of the estimate of the work.
- **7.2.2** On completion and acceptance of each separate building, public work or other division of the Contract on which the price is stated separately in the Contract, except as qualified in paragraph 7.2.5, payment may be made in full, less authorized deductions. In preparing estimates, the material and equipment delivered on the site to be incorporated in the job shall be taken into consideration in determining the estimated value by the architect, engineer or other person, as specified in the Contract.
- 7.2.3 The Contractor shall pay to the Contractor's subcontractors or material suppliers and each subcontractor shall pay to the subcontractor's subcontractor or material supplier, within seven days of receipt of each progress payment, unless otherwise agreed in writing by the parties, the respective amounts allowed the Contractor or subcontractor on account of the work performed by the subcontractors, to the extent of each subcontractor's interest, except that no Contract for construction services may materially alter the rights of any Contractor, subcontractor or material supplier to receive prompt and timely payment as provided under this section. The payments to subcontractors or material suppliers shall be based on payments received pursuant to this section. Any diversion by the Contractor or subcontractor of payments received for work performed on a Contract, or failure to reasonably account for the application or use of those payments, constitutes grounds for disciplinary action by the Registrar of Contractors. The subcontractor or material

- supplier shall notify the Registrar of Contractors and the City in writing of any payment less than the amount or percentage approved for the class or item of work as set forth in this section.
- **7.2.4** A subcontractor may notify the City in writing requesting that the subcontractor be notified by the City in writing within five days from payment of each progress payment made to the Contractor. The subcontractor's request remains in effect for the duration of the subcontractor's work on the project.
- **7.2.5.** Nothing in this section prevents the Contractor or subcontractor, at the time of application and certification to the City or Contractor, from withholding the application and certification to the City or Contractor for payment to the subcontractor or material supplier for unsatisfactory job progress, defective construction work or materials not remedied, disputed work or materials, third party claims filed or reasonable evidence that a claim will be filed, failure of a subcontractor to make timely payments for labor, equipment and materials, damage to the Contractor or another subcontractor, reasonable evidence that the subcontract cannot be completed for the unpaid balance of the subcontract sum or a reasonable amount for retention.
- **7.2.6** If any payment to a Contractor is delayed after the date due interest shall be paid at the rate of one per cent per month or fraction of a month on the unpaid balance as may be due.
- **7.2.7** If any periodic or final payment to a subcontractor is delayed by more than seven (7) days after receipt of the periodic or final payment by the Contractor or subcontractor, the Contractor or subcontractor shall pay the subcontractor or material supplier interest, beginning on the eighth day, at the rate of one per cent per month or fraction of a month on the unpaid balance as may be due.
- **7.2.8** Notwithstanding anything to the contrary in this section, this section applies only to amounts payable in a construction services Contract for construction and does not apply to amounts payable in a construction services Contract for design services, preconstruction services, finance services, maintenance services, operations services and other related services.
- **7.2.9** The City Contract Representative, with reasonable dispatch, will review the contents of the ESTIMATE FOR PAYMENT submitted by the Contractor, determine the sufficiency of the estimate, satisfy himself that the City has received full value, certify the estimate and submit it through normal channels for payment.
- **7.2.10** Neither the certification nor payment made to the Contractor, nor partial or entire use or occupancy of the Work by the City shall constitute an acceptance of any portion of the Work.

7.3 Payment Withheld

- **7.3.1** If the City Contract Representative is unable to certify a request for payment in whole or in part because, after observing the Work and the data comprising the ESTIMATE FOR PAYMENT, the City Contract Representative determines that the Work has not progressed or the quality of the Work is not in accordance with the Contract, the City Contract Representative shall promptly notify the Contractor. If the City Contract Representative and the Contractor cannot agree on a revised amount, the City Contract Representative will promptly issue a certificate for payment in an amount they determine is justified.
- **7.3.2** The City Contract Representative or other City official, as a result of subsequently discovered evidence, may also withhold or nullify the whole or a part of any certification to such extent as may be necessary to protect the City from loss on account of:
 - .1 Defective work not remedied.
 - .2 Third party claims filed or reasonable evidence indicating probable filing of such claims.

- .3 Failure of the Contractor to make payments properly to subcontractors or for labor, materials, or equipment.
- .4 Reasonable doubt that the Work can be completed for the unpaid balance of the Contract amount, or reasonable evidence that the Work will not be completed within the Completion time and that the unpaid balance would not be adequate to cover actual or liquidated damages for the anticipated delay.
- .5 Damage to another contractor or to the City.
- .6 Damage to the real or personal property of another and failure to repair or replace the same.
- .7 Persistent failure to carry out the Work in accordance with the Contract.
- **7.3.3** When the grounds for withholding payment have been corrected to the satisfaction of the City Contract Representative or other City official concerned, the City shall proceed to process any amounts due.

7.4 Substantial Completion

- 7.4.1 When the Contractor considers that the Work, or a portion thereof which the City has agreed to accept separately, is ready for its intended use, it shall notify the City Contract Representative in writing that the Work, or the agreed upon portion thereof, is substantially complete and request the City Contract Representative to issue a Certificate of Substantial Completion. reasonable time thereafter, the City Contract Representative will make an inspection of the Work, or the designated portion thereof, to determine the status of completion. If the inspection discloses any item that is not in accordance with the Contract, the Contractor shall, before issuance of the Certificate of Substantial Completion, complete or correct such item. Contractor shall then submit a request for a re-inspection by the City Contract Representative. When the Work or designated portion thereof is determined to be substantially complete, the City Contract Representative will prepare a Certificate of Substantial Completion for signature of the parties, fixing therein the date of Substantial Completion and establishing the responsibilities of the City and Contractor, pending final payment by the City, for security, maintenance, utilities, damage to the Work, and insurance, and shall fix the time within which the Contractor shall finish all items on the punch list attached to the certificate.
- **7.4.2** Warranties required by the Contract shall commence on the date of Final Completion for a period of two years, except where a specific provision of the Contract provides otherwise.

7.5 Final Completion and Final Payment

7.5.1 Upon receipt of notice from the Contractor that the Work is ready for final inspection and upon receipt of a request for final payment, the City Contract Representative will determine that all items on the punch list have been completed or corrected and the City will make payment for such work or portion thereof as provided for in the Contract.

7.6 Consent of Surety/ Lien Waivers and As-Built Drawings

7.6.1 Final payment shall become due when the Contractor provides to the Contract Officer a Consent of Surety Certificate from their bonding company, or lien waivers, at the Contract Officer's discretion and all completed as-built drawings.

7.7 Partial Utilization

- 7.7.1 The City may occupy or use any portion of the Work which the City and the Contractor agree constitutes a separately functioning and usable part of the Work that can be used by the City without significant interference with the Contractor's performance of the remainder of the Work. Such use or occupancy may commence whether or not the portion is substantially complete, provided the City and the Contractor have accepted in writing their mutual responsibilities regarding the used portion, including but not limited to insurance coverage, maintenance and utilities.
- **7.7.2** Partial use or occupancy of the Work by the City shall not constitute acceptance of Work not complying with the requirements of the Contract.

8. UNCOVERING AND CORRECTION OF WORK; CHANGES IN THE WORK

8.1 Uncovering of Work

- **8.1.1** Piping, wiring, ducts, etc., shall not be covered up before proper inspection, approval and certificates, if required, are issued. Should any work that is designated for inspection by the City Contract Representative or the Contract before covering is covered before such inspection, it must be uncovered by the Contractor at their expense when examination is ordered by the City Contract Representative.
- **8.1.2** If a portion of the Work not designated by the City Contract Representative or the Contract for inspection has been covered and the City Contract Representative or a Public Inspector orders such work uncovered for inspection, the Contractor shall immediately uncover such work. If such uncovered work is found to be in accordance with the Contract, an appropriate Change Order shall be issued to compensate the Contractor for the expense of uncovering and replacing the work. If such work is found to be not in compliance with the Contract, the Contractor shall pay such costs, unless the condition was caused by the City or a separate Contractor.
- **8.1.3** The City shall not be responsible for or bear the cost of any re-examination and replacement occasioned by defects in the work caused by subcontractors.

8.2 Correction of Work

- 8.2.1 Correction of Work Before Final Payment: The Contractor shall promptly remove from the site of the Work all materials and/or associated portions of the Work rejected by the City Contract Representative as failing to conform to the Contract, whether incorporated or not, and the Contractor shall promptly replace and re-execute the Work in accordance with the Contract, without expense to the City, and shall bear the expense of making good the work of other contractors destroyed or damaged by such removal or replacement. If the Contractor does not remove such rejected Work and/or materials within a reasonable time, fixed by written notice, the City may remove it and may store the materials at the expense of the Contractor.
- **8.2.2** Should the Contractor fail to repair such defective material and/or workmanship or to make replacements within five (5) calendar days after written notice by the City, it is agreed that the City may, at its sole discretion, make such repairs and replacements and the actual cost of the required labor and materials shall be chargeable to and payable by the Contractor or his surety.

8.3 Changes in the Work

8.3.1 The City Contract Representative may order extra work or make changes by altering, adding to or deducting from the Work, the Contract price being adjusted accordingly by Change Order without invalidating the Contract. All such work shall be executed under the conditions of the original Contract except that any claim for extension of time caused thereby shall be adjusted at the time of ordering such change.

- **8.3.2** If, instead of requiring corrections or removal of work not conforming to the requirements of the contract, the work is determined to be acceptable with diminished value in the sole judgment of the City Contract Representative, a change order shall be issued incorporating the necessary revisions in the contract, including an appropriate reduction in the contract price. Such a change order does not require the signature or approval of the Contractor. Such acceptance of non-conforming work shall not constitute a waiver of any other work required under this contract.
- **8.3.3** The value of any extra work or change ordered under the Contract shall be determined in one or more of the following ways:
 - .1 By estimate and acceptance in a lump sum.
 - .2 By unit prices in the Contract or subsequently agreed upon prices.
 - **.3** By a fixed fee.

9. SUSPENSION OR TERMINATION OF THE WORK

9.1 Suspension of the Work for Cause; City's Right to Perform the Work

- **9.1.1** If the Contractor fails to correct Work which is not in accordance with the Contract, or persistently fails to carry out the Work in accordance with the Contract, the Contract Officer, after consultation with the City Contract Representative, may order the Contractor in writing to stop the Work, or any portion of the Work, until the cause for such order has been eliminated.
- **9.1.2** If the Contractor fails to prosecute the Work properly or fails to perform any provision of this Contract, the City may, five (5) days after written notice to the Contractor, and without prejudice to any other remedy the City may have, make good such deficiencies and may deduct the cost thereof from the payment then or thereafter due the Contractor. If payments then or thereafter due the Contractor are not sufficient to cover such amounts, the Contractor and its surety shall be liable to the City for such deficiency.

9.2 Termination by the City for Cause

- **9.2.1** The City, upon certification by the City Contract Representative, without prejudice to any other right or remedy of the City and after giving the Contractor seven (7) days written notice, may terminate this Contract as to all or any part of the Work for any of the following reasons:
 - .1 If the Contractor abandons the Work, or unnecessarily delays the Work.
 - .2 If the Contractor should persistently or repeatedly refuse or fail to supply enough properly skilled workers or proper materials or competent subcontractor.
 - .3 If the Contractor fails to make payment to subcontractor for materials or labor in accordance with the respective agreements between the Contractor and the subcontractor or as expressly set forth herein.
 - **.4** If the Contractor persistently disregards laws, ordinances, or rules, regulations or orders of a public authority having jurisdiction, or persistently violates the conditions or covenants of this Contract.
 - .5 If the Contractor should be adjudged bankrupt.
 - **.6** If the Contractor should make a general assignment for the benefit of its creditors or if a receiver should be appointed on account of its insolvency.

- **.7** If the Contractor is otherwise in substantial breach of a provision of the Contract as determined by the City.
- **9.2.2** Upon termination of the Contract for any of the above reasons, the City, subject to any prior rights of the surety, may:
 - .1 Take possession of the Work and of all materials, equipment, tools, and construction equipment and machinery at the Work site or adjacent thereto belonging to the Contractor.
 - **.2** Accept assignment of subcontracts pursuant to Subsection 5.1.8 of Article 5 of these General Conditions.
 - .3 Finish the Work by whatever reasonable method the City may deem expedient. In completing the Work by a new contractor or by doing the Work itself, the City may use such equipment, materials, supplies, machinery, implements, tools and plant of the Contractor in the City's possession and may make all necessary repairs and replacements thereto.
- **9.2.3** If the City terminates the Contract for one of the reasons stated in Subsection 9.2.1, the Contractor shall not be entitled to receive any further payment.
- **9.2.4** The cost of fully completing the Work provided for under any new contract shall include the sum or sums of money to be paid by the City to other Contractors, all costs of repairs and replacements of machinery, implements, tools and plant of the Contractor hereunder, and also all sums of money paid for additional management and administrative services, including but not limited to the cost of the City Contract Representative's additional services and added expenses made necessary by the termination of the Contract.
- **9.2.5** If the unpaid balance of the Contract price exceeds costs of finishing the Work, such excess may, at the City's discretion, be paid to the Contractor. If such costs exceed the unpaid balance, the City may sell all materials, supplies, machinery, implements, tools and plant of the Contractor's then on hand, at public sale, on giving the Contractor twenty (20) days notice of the time and place of such sale, and the net proceeds derived from the sale of said property shall be applied against such costs. Should the amount received from the sale be insufficient to pay such deficiency, the Contractor and its surety shall be liable to pay the amount of the deficiency.

9.3 Suspension by the City for Convenience

- **9.3.1** The City may, without cause, order the Contractor in writing to suspend or interrupt the Work in whole or in part for such period of time as the City may determine whenever such suspension or interruption would be in the best interest of the City.
- **9.3.2** If the City suspends the Work for convenience, an adjustment shall be made for substantiated increases in the cost of performance of the Contract, if any, including profit on the increased cost of performance, caused by suspension or interruption. No adjustment shall be made to the extent:
 - .1 That performance is, was or would have been so suspended or interrupted by another cause for which the Contractor is responsible, or
 - .2 That an equitable adjustment is made or denied by the City.

9.4 Termination by the City for Convenience

- **9.4.1** The performance of the Work under this Contract may be terminated by the City, in whole or in part, in accordance with this clause whenever the City reasonably determines that such termination is in the best interest of the City. Any such termination shall be effected by delivery to the Contractor of a written Notice of Termination specifying the extent to which performance of the Work is terminated, and the date upon which such termination becomes effective.
- **9.4.2** If the Contract is terminated by the City as provided herein, the Contractor shall receive compensation for any Work performed and accepted, together with profit in proportion to the Work performed and accepted. The compensation shall include payment for contractual obligations reasonably incurred prior to termination. No amount shall be allowed for anticipated profit on unperformed Work.
- **9.4.3** In the event the City terminates the Work, in whole or in part, for cause pursuant to Section 9.2 of this Article 9 and the termination is later deemed to be unjustified, then such termination shall be automatically deemed a termination for convenience and the provisions of this Section 9.4 shall apply.
- **9.4.4** Termination of the Contract or portion thereof by the City for convenience shall not relieve the Contractor of their contractual responsibilities for the Work completed, nor shall it relieve the surety of its obligation for and concerning any just claim arising out of the Work completed.

9.5 Contractor's Right to Terminate Contract

- **9.5.1** The Contractor may terminate the Contract for any of the following reasons:
 - .1 If the Work should be stopped under an order of any court of competent jurisdiction or other public authority for a period in excess of one (1) month through no act or fault of the Contractor or of anyone directly or indirectly employed by him.
 - .2 If the City has failed to pay the Contractor within sixty (60) days after the date when any sum is certified for payment by the City Contract Representative, or
 - .3 If repeated suspensions or interruptions ordered by the City pursuant to Section 9.3 total in the aggregate more than one hundred percent (100%) of the total number of days scheduled for completion, or one hundred twenty (120) days in any three hundred sixty-five (365) day period, whichever is less.
- **9.5.2** If one of the above reasons exists, the Contractor may, upon seven (7) additional days, written notice to the City Contract Representative, stop Work and terminate the Contract and recover payment from the City for all Work executed and accepted by the City and any loss sustained upon any plant or materials and reasonable profit and damages.

10. CLAIMS AND DISPUTES

10.1 City Contract Representative's Resolution of Claims and Disputes; Review by Contract Officer

- **10.1.1** This Article relates to claims for additional compensation and any other differences between the parties arising under and by virtue of the Contract. Such claims are to be resolved at the earliest possible time and at the first responsible level so as to increase the possibility that such matters will be resolved without the vexation of an administrative hearing process, arbitration or litigation.
- **10.1.2** All claims, including but not limited to, claims relating to adjustments or interpretations of the Contract, payments of money, or other relief with respect to the terms of the Contract, shall be referred initially in writing to the City Contract Representative for action. The responsibility to substantiate claims shall rest with the party making the claim.

- **10.1.3** Claims by either party must be made within twenty-one (21) days after the event giving rise to the claim or within twenty-one (21) days after the claimant first becomes aware of the condition giving rise to the claim, whichever is later.
- **10.1.4** Pending final resolution of a claim, the Contractor shall proceed diligently with performance of the Contract and the City shall continue to make payments in accordance with the Contract.
- **10.1.5** The City Contract Representative shall, within twenty-one (21) days of receipt of a claim, issue one of the following:
 - .1 Issue a decision either rejecting or approving the claim.
 - .2 Suggest an equitable compromise of the claim.
 - .3 Provide a schedule to the Contractor indicating when they expect to be able to take action, which shall be within a reasonable time.
- **10.1.6** The City Contract Representative may require the submission of additional documentation from the Contractor to facilitate a decision.
- 10.1.7 The Contractor shall have ten (10) days from the date of the City Contract Representative's final decision rejecting or approving a claim, or suggesting a compromise, within which to accept or object to the decision. Failure of the Contractor to accept or object to the decision in writing within such ten (10) day period shall be deemed an acceptance of the decision. If the Contractor rejects the decision of the City Contract Representative in writing within such ten (10) day period, the matter shall be referred to the Contract Officer for de novo review.
- **10.1.8** The Contract Officer shall have sixty (60) days from receipt of a written objection by the Contractor to the City Contract Representative's final decision, or such longer period as the parties may stipulate in writing, to review the matter and issue a response. During such period, the Contract Officer may require such additional documentation or testimony as deemed necessary to support his/her response.

11. MISCELLANEOUS PROVISIONS

11.1 Governing Law

11.1.1 The Contract shall be governed and construed according to the laws of the Cottonwood City Code and the State of Arizona.

11.2 Written Notice

11.2.1 Written notice shall be deemed to have been duly served if delivered in person to the individual or a member of the firm or entity or to an officer of the corporation for which it was intended, or if delivered at or sent by registered or certified mail to the last known business address known to the party giving notice.

11.3 Conflict of Interest

11.3.1 The City shall also have the right to terminate this Contract pursuant to the conflict-of- interest provisions of A.R.S. Sec. 38-511 and to exercise any and all remedies provided in such statute. The City may cancel this Contract if any person significantly involved in negotiating, drafting, securing or obtaining this Contract for or on behalf of the City of Cottonwood becomes an employee in any capacity of any other party or a consultant to any other party with reference to the subject matter of this Contract.

11.4 Contractor

- **11.4.1** It is clearly understood that each party shall act in its individual capacity and not as an agent, employee, partner, joint venturer, or associate of the other. An employee or agent of one party shall not be deemed or construed to be the employee or agent of the other party for any purpose whatsoever.
- **11.4.2** Contractor shall not be entitled to compensation in the form of salaries, or to paid vacation or sick days by the City, and that such days do not accumulate for the use of same at a later date.
- **11.4.3** The City of Cottonwood will not provide any insurance coverage to Contractor, including Workers' Compensation coverage. The Contractor is advised that taxes or social security payments shall not be withheld from a City payment issued hereunder and that Contractor should make arrangements to directly pay such expenses, if any.

11.5 Gratuities

11.5.1 The City may, by written notice to the Contractor, cancel this Contract if it is found that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by the Contractor or any agent or representative of the Contractor, to any officer or employee of the City amending, or the making of any determinations with respect to the performing of such contract. In the event this Contract is canceled by the City pursuant to this provision, the City shall be entitled, in addition to any other rights and remedies, to recover or withhold from the Contractor the amount of the gratuity.

11.6 Provisions Required By Law

11.6.1 Each and every provision of law and any clause required by law to be in the Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party the Contract shall forthwith be physically amended to make such insertion or correction.

11.7 Severability

11.7.1 The provisions of this Contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the Contract which may remain in effect without the invalid provision or application.

11.8 Interpretation – Parol Evidence

11.8.1 This Contract is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms of this agreement. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any term used in this Contract. Acceptance or acquiescence in a course of performance rendered under this Contract shall not be relevant to determine the meaning of this Contract even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity to object.

11.9 Rights and Remedies

No provision in this document or in the Contractor's response shall be construed, expressly or by implication as a waiver by either party of any existing or future right and/or remedy available by law in the event of any claim or default or breach of contract. The failure of either party to insist upon the strict performance of any term or condition of the contract or to exercise or delay the exercise of any right or remedy provided in the Contract, or by law, or the acceptance of materials or services, obligations

imposed by this Contract or by law, and shall not be deemed a waiver of any right of either party to insist upon the strict performance of the Contract.

11.10 Right to Assurance

Whenever one party to this Contract in good faith has reason to question the other party's intent to perform, the former party may demand that the other party give a written assurance of this intent to perform. In the event that a demand is made and no written assurance is given within five (5) days, the demanding party may treat this failure as an anticipatory repudiation with this Contract.

SCOPE OF WORK

1. INTRODUCTION

Notice is hereby given that the City of Cottonwood (City) is conducting a competitive one-step process to retain up to three (3) Contractors for a Job Order Contract (JOC) to provide annual Underground Contracting services for the City of Cottonwood. Individual job orders should not exceed five hundred thousand dollars (\$500,000). The term of this contract will be two (2) years with three (3) one-year renewal options. However, services will be requested on an as-needed, if-needed basis and the resultant contract is neither exclusive nor a commitment by the City that the Contractor's services will be required.

2. BACKGROUND:

Job Order Contracting is an alternative delivery method for construction of public works projects. JOC's differ from the standard project-specific, low bid contracts in that they are indefinite-quantity contracts, which can be awarded on the basis of qualifications. Best value may be considered in awarding the JOC or in awarding job orders under the JOC contract.

3. SCOPE OF REQUIRED SERVICES:

The City of Cottonwood is in need of Water and Wastewater Utilities, Excavating and Storm Water Drainage Job Order Contracting which includes but is not limited to:

- Replacement of water and sewer service lines.
- Replacement of water and sewer main lines.
- Installation of new water and sewer main and service lines.
- Sewer manhole installation and rehabilitation.
- Mainline water valve replacement and new installation.
- Replacement and installation of fire hydrants.
- General excavating, compaction and grading.
- Confined space pipefitting and repair.
- Potholing for utility location.
- Pipefitting and replacement/installation of booster stations, wells and wastewater system components.
- Asphalt patching and surfacing including subgrade and base preparation.
- Concrete work including slabs, sidewalks, curb and gutter, etc.
- Flood control and drainage work.
- Demolition of structures.
- Other Miscellaneous tasks as required.

4. SPECIFICATIONS

All work shall be conducted by an underground contracting firm properly licensed by the State of Arizona and shall conform to Arizona Department of Environmental Quality (ADEQ) rules and guidelines.

5. SAFETY

The Contractor shall provide sufficient safety devices (cones, barricades, tape) to establish a safety zone around the work area. The Contractor shall submit a traffic control plan and provide its personnel with safety vests for

projects in the right of way or where vehicular traffic is present, or as requested by the City.

During the construction process, the Contractor shall comply with all applicable federal, state and local (City of Cottonwood) health and safety laws and regulations including, but not limited to all applicable "OSHA Standards for the Construction Industry" including, but not limited to, 29 CFR Part 1926, Subpart P – Excavations. Knowing and following OSHA Safety Standards is the Contractor's responsibility. The City may stop construction on a project until safety concerns have been corrected.

6. CLEAN UP

The Contractor shall clean up all trash and debris generated by their work in a manner acceptable to the using department.

CONSTRUCTION SERVICES AGREEMENT

THIS AGREEMENT, made and entered into this 20th day of September, 2016, by and between the City of Cottonwood, a municipal corporation organized and existing under the laws of the State of Arizona, hereinafter called the "City", and <u>Tiffany Construction Co.</u>, hereinafter called the "Contractor".

WITNESSETH: That the Contractor and the City, in consideration of the mutual covenants herein contained, agree as follows:

Contract Name: JOB ORDER CONTRACT (JOC) FOR UNDERGROUND CONTRACTING

Description: UNDERGROUND CONTRACTING SERVICES FOR THE CITY OF COTTONWOOD AT

VARIOUS LOCATIONS, INCLUDING THE COTTONWOOD MUNICIPAL WATER SERVICE

AREA

Term: TWO (2) YEARS WITH THREE (3) ADDITIONAL ONE-YEAR RENEWAL OPTIONS

1. Notice to Proceed, Completion Time, and Liquidated Damages

- **A.** It is agreed that the City Representative will issue the Notice to Proceed with the Work to be performed under this Contract within twenty (20) consecutive calendar days after the date of execution of this Agreement, except in job order contracts where a separate Notice to Proceed will be issued for each individual job order.
- **B.** The Contractor agrees that the Work shall be prosecuted promptly, regularly, diligently and uninterruptedly at such rate of progress as will ensure full completion thereof within the time specified. It is expressly agreed that the time for completion is a reasonable time, considering average climatic conditions and usual industrial conditions prevailing in the Cottonwood area.
- **C. Liquidated Damages.** Completion times will be specified in the Notice to Proceed. Applicable liquidated damages shall be assessed for each day the Work remains incomplete after the scheduled completion date. This amount is agreed upon because of the impracticability and extreme difficulty of ascertaining the actual damages the City will sustain on account of late completion.

2. Miscellaneous

- **A. Guarantee.** The Contractor shall guarantee all work under this Agreement against defects of material and workmanship for a minimum of two years from the date of Final Completion.
- **B.** Assignment. Neither party to this Agreement shall assign the Agreement or sublet it as a whole without the written consent of the other, nor shall the Contractor assign any monies due or to become due to him hereunder without the previous written consent of the City.
- **C. Contract Documents.** The following listed documents constitute the Contract Documents and they are all as fully a part of this Agreement as if repeated herein:
 - 1) Any and all amendments, Supplementary General Conditions and Special Requirements included herein.
 - 2) Construction Services Agreement.
 - 3) General Conditions for Construction.
 - 4) Special Terms and Conditions.
 - 5) Scope of Work, including any and all Standard, Special, Technical, and Supplementary Specifications included herein.
 - 6) The City's RFQ and any addenda for this project
 - 7) The Contractor's responses to the City's RFQ to the extent they do not conflict with the above
 - 8) Performance and Payment Bonds.

- 9) Insurance Requirements.
- **D. Precedence.** In the event of any inconsistency between any of the terms of the documents enumerated above, such inconsistency shall be resolved by giving precedent to the terms of the above documents in the order listed. Anything in these contract documents to the contrary notwithstanding, the provisions of all pertinent general public laws of the State of Arizona in effect at the time of the execution of this Agreement shall be a part of the Agreement between the parties and shall take precedence over all of the other contract documents.

IN WITNESS THEREOF, the parties hereto have executed three (3) identical counterpart copies of this Agreement on the date and year first written above, each of which copies shall for all purposes be deemed an original hereof.

CITY OF COTTONWOOD	CONSULTANT	
Diane Joens, Mayor	By: Title:	
APPROVE AS TO FORM	ATTEST (If Corporation):	
Steven Horton, City Attorney	Secretary	
ATTEST	SEAL	
Marianne Jimenez, City Clerk		

SPECIAL TERMS AND CONDITIONS

- 1. **Number of Contracts to be Awarded.** The City intends to award up to three (3) contracts for the services described herein.
- 2. Basis for Awarding Individual Job Orders. In the event the City awards more than one (1) contract for these services, individual job orders will be awarded based upon consideration of the firm's ability to complete the work expeditiously and the proposed cost. The City intends to request price and schedule proposals from all contracted Contractors for each individual job order. However, when quoting individual job orders is impracticable, the City reserves the right to award job orders as it deems to be in its best interest.

Scope, schedule, price, and liquidated damages (if applicable) are agreed upon in a fully executed Notice to Proceed letter prior to Contractor beginning the work.

The Contractor shall be available on a five (5) day work basis throughout the term of the contract unless notified in writing by the City that this requirement may be temporarily waived due to the Contractor's approved written request or a reduced need by the City. The Contractor must be available to commence work on assignments within one week from award of an individual job order.

- 3. Contract Term and Renewal. The term of this contract shall commence upon award and shall remain in effect for a period of two (2) years, unless terminated, canceled or extended as otherwise provided herein. The Contractor agrees that the City of Cottonwood shall have the right, as its sole option, to renew the contract for three (3) additional one (1) year periods, or portions thereof. If the City chooses to exercise this option, all terms, conditions, and provisions of the original contract shall remain the same and apply during the renewal period with the possible exception of fee basis and minor scope additions and/or deletions.
- **4. Compensation and Method of Payment.** In consideration of the performance of the services described in the Scope of Services of each individual job order and pursuant to the master Scope of Work herein, the City shall pay the Contractor in accordance with the negotiated contract rates, and the Contractor shall charge the City only in accordance with those same rates.

Compensation under this contract should not exceed \$500,000 per individual job order unless a waiver is requested of and granted by the Administrative Services General Manager.

The City will pay the Contractor following the submission of itemized invoice(s) for the service rendered. No payment shall be issued prior to receipt of material or service and correct invoice.

All requests for payment shall follow a format to be approved by the City Representative. Invoices shall be submitted monthly on a job-by-job basis.

- 5. Bonding Requirements. Contractor shall file with the City, prior to the time of execution of the contract and annually, if the term of this contract is extended by the City, payment and performance bonds in the forms prescribed by the City unless bonding per project. The bonds must cover all construction performed under job orders. The amount of the bonds provided by the Contractor must always be at least equal to the total amount of the contract prices for construction work under job orders issued and not complete. Contractor agrees to provide such additional bonding as may be required to satisfy this requirement, as provided under A.R.S. 34-610. Bonds may be provided as follows: annual bonds in the amount designated by the agency, or bonding per each individual job. Successful contractor(s) will designate bonding methodology prior to contract award.
- **6. Performance Rating.** At the completion of each term or termination of this contract, the City will evaluate the Contractor based on performance under this contract. This rating will be used in the overall evaluation of the Contractor when applying for future work with the City.
- 7. Audit and Inspection of Records. The Contractor shall permit the authorized representatives of the City of Cottonwood to inspect and audit any books, documents, papers, data and records relating to its performance under the contract until the expiration of three (3) years after final payment under this contract. The City shall have the right to audit and/or examine such records at any time during the progress of this contract and shall withhold payment if such documentation is found by the City to be incomplete or erroneous.

The following access to records requirements apply to this contract:

The Contractor agrees to provide the City of Cottonwood or any of its authorized representative's access to any books, documents, papers and records of the Contractor which are directly pertinent to this contract for the purposes of making audits, examinations, excerpts and transcriptions. The Contractor agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.

The Contractor agrees to maintain all books, records, accounts and reports required under this contract for a period of not less than three (3) years after the date of termination or expiration of this contract, except in the event of litigation or settlement of claims arising from the performance of this contract, in which case Contractor agrees to maintain same until the City of Cottonwood or any of its duly authorized representatives have disposed of all such litigation, appeals, claims or exceptions related thereto.

- **8. Contract Amendments.** The Administrative Services Department has the sole authority to:
 - A) Amend the contract or enter into supplemental verbal or written agreements;
 - B) Grant time extensions or contract renewals;
 - C) Otherwise modify the scope or terms and provisions of the contract.

The contract shall only be modified with the approval of the Administrative Services General Manager. Except in the case of documented emergency, approval must be granted prior to performance. Any contract modification not explicitly approved by the Administrative Services General Manager through a written contract amendment or change order is performed at the sole risk of the Contractor and may not be eligible for payment by the City.

- 9. Child/Sweat-Free Labor Policy. The Contractor shall comply with all applicable provisions of the United States Federal and State Child Labor and Worker's Right laws and agrees if called upon to affirm in writing, that they, and any subcontractor involved in the provision of goods to the City, are in compliance.
- Immigration Laws and Regulations. The Contractor warrants that it complies with all Federal Immigration laws and regulations that relate to its employees and complies with A.R.S. § 23-214(A) and that it requires the same compliance of all subcontractors under this contract. Contractor acknowledges that pursuant to A.R.S. § 41-4401 and effective September 30, 2008, a breach of this warranty is a material breach of this contract subject to penalties up to and including termination of this contract. The City retains the legal right to audit the records of the Contractor and inspect the papers of any employee who works for the Contractor to ensure compliance with this warranty and the Contractor shall assist in any such audit. The Contractor shall include the requirements of this paragraph in each contract with subcontractors under this contract.

If the Contractor or subcontractor warrants that it has complied with the employment verification provisions prescribed by sections 274(a) and 274(b) of the Federal Immigration and Nationality Act and the E-verify requirements prescribed by A.R.S. § 23-214(A), the Contractor or subcontractor shall be deemed to be in compliance with this provision. The City may request proof of such compliance at any time during the term of this contract by the Contractor and any subcontractor.

- **4. (ADA) Americans with Disabilities Act.** The Contractor shall comply with all applicable provisions of the Americans with Disabilities Act of 1990 (Public Law 101-336, 42 U.S.C. 12101-12213, 47 U.S.C. 225 and 611, and all regulations thereto), and the Arizonans with Disabilities Act of 1992 (A.R.S. 41-1492 et seq., and all regulations pertaining thereto).
- 5. City of Cottonwood Business License. The Contractor shall maintain in current status all Federal, State, and local registrations, licenses and permits, including a City of Cottonwood business registration, required for the operation of the business conducted by the Contractor as applicable to this contract.
- **6. Arizona Law.** This contract shall be governed and interpreted according to the laws of the State of Arizona.

- 7. **Jurisdiction and Venue.** The parties agree that this contract is made in and shall be performed in Yavapai County. Any lawsuits between the Parties arising out of this contract shall be brought in the courts of Yavapai County in the State of Arizona, which shall have exclusive jurisdiction over such lawsuits.
- **8. Fees and Costs.** Except as otherwise agreed by the parties, the prevailing party in any adjudicated dispute relating to this contract is entitled to an award of reasonable attorney's fees, expert witness fees and costs including, as applicable, arbitrator fees; provided, however, that no award of attorney's fees shall exceed ten percent (10%) of the damages awarded the prevailing party unless the non-prevailing party has been determined to have acted in bad faith or in a frivolous manner during the adjudication.
- **Notices.** All notices or demands required to be given pursuant to the terms of this contract shall be given to the other party in writing, delivered by hand or registered or certified mail, at the addresses set forth below, or to such other address as the parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of CITY:

In the case of CONTRACTOR:

City of Cottonwood Purchasing Department 816 N. Main Street Cottonwood, AZ 86326 (928) 340-2714 Company Name: <u>Tiffany Construction Co.</u>
Contact: <u>Herb Tiffany</u>
Address: <u>75 Kallof Place</u>
City, State, Zip: <u>Sedona, AZ 85336</u>
Telephone Number: 928-204-9817

Notices shall be deemed received on date delivered, if delivered by hand, and on the delivery date indicated on receipt if delivered by certified or registered mail.

GENERAL CONDITIONS FOR CONSTRUCTION

1. **DEFINITIONS**

Wherever used in these General Conditions or in the other Contract Documents, the following terms have the meanings indicated which are applicable to both the singular and plural thereof:

Administrative Services General Manager - - the person acting as Director of the City's Purchasing Manager and who has authority to award and revise City solicitations and contracts for construction, construction services, and construction-related services as necessary.

Amendment - written or graphic instrument issued prior to the due date which clarifies, corrects or changes the Solicitation.

Architect/Engineer - the person licensed to practice architecture/engineering by the State of Arizona and who is identified as the Architect/Engineer of Record. May be utilized to provide construction administration services.

Bonds - bid, performance and payment bonds and other instruments of security.

Change Order - a document approved by the City Contract Representative and which is signed by the Contractor and the City's Administrative General Manager or duly authorized designee and authorizes an addition, deletion or revision in the Work, or an adjustment in the Contract Price or the Completion time, issued on or after the effective date of the Contract.

City - means the City of Cottonwood, Arizona, a municipal corporation.

City Contract Representative - the City official administering the Contract for the City of Cottonwood.

Completion Time - the number of consecutive calendar days agreed to by the City and Contractor for completion of the Work, which may be revised by written Change Order.

Construction – the process of building, altering, repairing, improving or demolishing any public structure or building or other public improvements of any kind to any real public property.

Construction-Manager-At-Risk – a project delivery method in which there is a separate contract for design services and a separate contract for construction services, with design and construction taking place in sequential or concurrent phases, and in which finance services, maintenance services, operations services and preconstruction services may be included.

Construction Services – either of the following for construction-manager-at-risk, design-build and job- order-contracting project delivery methods:

- a) construction, excluding services, through the construction-manager-at-risk or job-order-contracting project delivery methods;
- b) a combination of construction and, as elected by the City, one or more related services, such as finance services, maintenance services, operations services, design services and preconstruction services.

Contract - the written agreement and all associated attachments, drawings, amendments and change orders executed between the City and the Contractor covering the Work to be performed.

Contract Price - the amount payable by the City to the Contractor for satisfactory completion of the Work, and as specified in the Contract as may be amended by written Change Order, or, in the case of a job- order contract, in the Notice to Proceed.

Contract Officer - the City official who conducts the solicitation process to secure a Contractor for the Work and who acts under the authority and direction of the City's Administrative Services General Manager and in accordance with the Cottonwood Procurement Code.

Contractor - the person, firm or corporation with whom the City has entered into the Contract.

Design-Build – the process of entering into and managing a contract between the City and a contractor in which the Contractor agrees to both design and build a structure and in which design and construction services may be in sequential or concurrent phases, and which may include finance services, maintenance services, operations services, design services and preconstruction services.

Design Services – architect services, engineer services or landscape architect services.

Drawings - the graphic and pictorial portions of the contract, wherever located and whenever issued, showing the configuration, location and dimensions of the Work, generally including plans, elevations, sections, details, schedules and diagrams.

Estimate for Payment - a form furnished by the City or an approved form submitted by the Contractor in lieu of city furnished form, and is required to be used when submitting requests for payments for work actually performed and materials supplied during a an agreed-to preceding period of time.

Field Order - a written order or directive issued by the City Contract Representative that orders minor changes in the Work.

Final Completion Date - the calendar date when the Work is one hundred percent (100%) complete as determined by the City.

Job-Order-Contracting – a project delivery method in which the contract is a requirements contract for indefinite quantities of construction and in which specified job orders are issued during the contract and may include finance services, maintenance services, operations services, preconstruction services and design services.

Liquidated Damages – a sum set forth in the Contract documents that will be deducted from any monies due to the Contractor, not as a penalty, but in lieu of actual damages for late completion of the work.

Maintenance Services – routine maintenance, repair and replacement of existing facilities, structures, buildings or real property.

Notice to Proceed - a written notice given by the City to the Contractor fixing the date on which the Completion time will commence and upon which the Contractor shall start to perform the Contractor's obligations under the Contract. In the case of a job order, it may also contain the specifications exclusive to the job order as well as consideration for the Contractor.

Public Inspector(s) - that person or persons provided by the public authorities having code jurisdiction and who perform day-to-day inspections of the Work for compliance with applicable codes.

Schedule of Values - a schedule submitted by the Contractor setting forth the values allocated to various portions of the Work, prepared in such form and supported by such data to substantiate its accuracy as the City Contract Representative may require. This schedule must be submitted before the Contractor submits its first application for progress payment and shall be used as a basis for reviewing and approving payments to the Contractor.

Shop Drawings - drawings, diagrams, illustrations, schedules and other data which are specifically prepared by or for the Contractor to illustrate, in detail, how some portion of the Work shall be fabricated and/or installed, and all illustrations, brochures, standard schedules, performance charts, instructions, diagrams and other information prepared by a supplier and submitted by the Contractor to illustrate material or equipment for some portion of the Work.

Specifications - those portions of the Contract, or Notice to Proceed if a Job Order, consisting of written technical descriptions of materials, equipment, construction systems, standards and workmanship as applied to the Work and certain administrative details applicable thereto.

Substantial Completion – a written declaration of the date upon which the City, in its sole discretion, determines the Work is substantially complete such that the City has beneficial use and/or occupancy. Upon substantial completion, the right of the City to assess liquidated damages for time after the date of substantial completion ceases, except as allowed for failure to meet final completion within thirty days of substantial completion.

Cottonwood Procurement Code – in addition to applicable State statutes and applicable Federal regulations and requirements, the municipal ordinance that governs the construction services contracting process as well as contract administration processes including the resolution of contract claims, disputes and controversies.

The Work - the entire completed construction or the various separately identifiable parts thereof required to be furnished under the Contract, or, in the case of a job-order contract, within individual Notices to Proceed. Work is the result of performing services, furnishing labor and furnishing and incorporating materials and equipment into the construction, all as required by the Contract and/or Notice to Proceed, as appropriate.

2. THE CONTRACT ITS EXECUTION AND INTENT

2.1 The Contract

- **2.1.1** The documents in the Contract include any amendments, drawings, change orders and approved Contractor submittals.
- **2.1.2** The Contract comprises the entire agreement between the City and the Contractor concerning the Work and supersedes any prior negotiations, representations or agreements, either written or oral. The Contract may be amended or modified only by an instrument in writing and fully executed by the authorized parties to the Contract.

2.2 Intent of the Contract

- **2.2.1** The intent of the Contract is to include all labor, materials, equipment, transportation and all other costs and expenses necessary for the proper execution and completion of the Work by the Contractor.
- 2.2.2 The Contractor shall take no advantage of any apparent error or omission in the plans, estimated quantities or specifications. In the event the Contractor discovers such an error or omission after contract award, the Contractor shall immediately notify the City Contract Representative. The City Contract Representative shall then make such corrections and interpretations as may be deemed necessary for fulfilling the intent of the contract.
- 2.2.3 The Contract shall be construed in accordance with the laws of the State of Arizona, and all such laws regulating the construction of public works by the City are hereby incorporated herein by reference and made a part hereof.
- **2.2.4** Materials or work described in words, which have a well-known technical or trade meaning, shall be held to refer to such recognized standards.
- **2.2.5** The organization of the Contract into divisions, sections or articles is merely for the purpose of convenient reference, and neither the headings nor divisions shall have any legal or Contractual significance and shall not control the division of the Work by the Contractor among the various subcontractor or trades.
- **2.2.6** The Contractor shall include all applicable utility fees, permits, licenses, etc. in each estimate or proposal submitted.

2.3 Execution

2.3.1 Execution of the Contract by the Contractor is a representation that the Contractor has thoroughly examined the Contract.

2.4 Ownership of the Contract

2.4.1 The Contract, including, but not limited to, the drawings and specifications, is the property of the City and is not to be used by the Contractor or any subcontractor on other projects outside the scope of the Work without the express written consent of the City.

3. ADMINISTRATION OF THE CONTRACT

3.1 Lines of Authority and Communications

- 3.1.1 The City's Administrative Services General Manager is the City official with overall authority and responsibility for the award and administration of City Contracts. The Administrative Services General Manager or their designated Finance Department representative after consultation with the City Contract Representative has the ultimate authority to resolve disputes concerning Contract performance and to stop the Work whenever such stoppage may be necessary to ensure the proper execution of the Work.
- **3.1.2** The City Contract Representative is the designated representative of the particular City department for which the Work is being constructed (the "user department") or the City department which is responsible for the oversight of the work.
- **3.1.3** Day-to-day administration of the Contract is the responsibility of the City Contract Representative. The City Contract Representative is the City's representative during the prosecution of the Work and shall act as surveillance and technical advisor for the City. The City Contract Representative duties are more fully described in Section 3.2 of this Article.
- **3.1.4** The Contractor shall supervise and direct the Work and shall be solely responsible for, and have control over, construction means, methods, techniques, sequences and procedures, and for coordinating all portions of the Work, unless the Contract gives other specific instructions concerning these matters. The Contractor's duties and responsibilities are more fully described in Article 4 of these Contract conditions.
- **3.1.6** Except where the Contract otherwise provides or where direct communication has been specifically authorized, the Contractor shall initially communicate with the City Contract Representative.

3.2 City Contract Representative's General Authority and Responsibilities

3.2.1 Unless the Contractor is responsible for the design of the Work, the City Contract Representative shall furnish to the Contractor, free of charge unless it is provided otherwise in the Contract, up to three copies of drawings, specifications and instructions available for the execution of the Work. The City Contract Representative may furnish additional clarifications or interpretations in writing or by drawings as may be necessary for the proper progress and execution of the Work. Such additional clarifications and interpretations shall be furnished with reasonable promptness, and the Contractor shall not do work without drawings or written clarifications where needed. All drawings, specifications and copies thereof furnished by the City Contract Representative are City property. They are not to be used on other work and, with the exception of the signed Contract, and are to be returned to the City Contract Representative at the completion of the Work.

- **3.2.2** The City Contract Representative shall make general surveillance of the Work. By making sufficient periodic visits to the site of the Work, the City Contract Representative will become thoroughly familiar with the progress and quality of completed portions of the Work, and will assess if the Work is being performed in a manner indicating that the Work, when completed, will be in accordance with the Contract.
- **3.2.3** The City Contract Representative will decide all questions which may arise as to the quality and acceptability of materials furnished and Work performed and as to the rate of progress of the Work, and all questions which may arise as to the interpretation of the drawings and specifications.
- 3.2.4 The City Contract Representative shall have the authority to reject work that is not in conformity with the Contract and to order additional inspections and testing of the Work. The City Contract Representative's failure during the progress of work to discover or reject materials or work not in accordance with the plans, specifications or contract documents shall not be considered an acceptance of the work or materials or a waiver of defects. Neither the failure of the City Contract Representative to properly perform inspections, tests or approvals required by the contract documents nor the activities or duties of the City Contract Representative in the administration of this contract shall relieve the Contractor from the contractor's responsibility for the means, methods, techniques, sequences or scheduling of the construction or the obligation to perform the work in strict accordance with the contract documents.
- 3.2.5 The City Contract Representative shall conduct an initial review of, and approve or deny, written Change Orders submitted by the Contractor, and may prepare Change Orders and provide field clarifications and corrections. All Change Orders shall be approved by the Administrative Services General Manager or their designee <u>prior to any work being done</u>. However, in emergencies endangering life or property, the City Contract Representative may take action and issue orders which are deemed necessary to avert the loss of life or property.
- **3.2.6** The City Contract Representative, pursuant to Article 10 of these General Conditions, shall make recommendations to the Contract Officer as to all claims of the Contractor.
- **3.2.7** The City Contract Representative will review and process the Contractor's monthly Estimates for Payment, as more fully set forth in Article 7 of these General Conditions.
- **3.2.8** The City Contract Representative will conduct inspections to determine the dates of Substantial Completion and Final Completion and will certify such dates to the Contract Officer.
- **3.2.9** The City Contract Representative will not have control over or charge of, and will not be responsible for, construction means, methods, techniques, sequences or procedures, or for safety precautions and programs in connection with the Work, since these are solely the Contractor's responsibility.

3.3 Public Inspections

- **3.3.1** Unless otherwise specifically provided in the Contract, Public Inspectors who perform day-to-day inspections of the Work for compliance with applicable codes will have authority to require compliance with drawings, specifications and applicable codes, and may provide clarification of any unspecified or unclear item or situation.
- **3.3.2** If the drawings or specifications, laws, ordinances, or any public authority requires any work to be specially tested or approved, the Contractor shall give the City Contract Representative timely notice of its readiness for inspection. If the inspection is by an individual, authority or entity other than the City Contract Representative or the Public Inspectors, the Contractor shall advise the City Contract Representative of the date fixed for such inspection.

3.3.3 All tests, inspections or approvals required to be performed by the City Contract Representative, Public Inspectors, or other authorities or entities shall not relieve the Contractor of their obligation to perform the Work in accordance with the Contract.

3.4 Special Inspections and Testing of Materials

- 3.4.1 All equipment and materials used in the construction of the Work, especially those upon which the strength and durability of the structure may depend, will be subject to adequate inspection and testing in accordance with accepted standards, to establish conformance with specifications and suitability for the use intended, as determined by the City Contract Representative.
- **3.4.2** The performance of tests and the engagement of testing laboratories or agencies must have the prior approval of the City Contract Representative. Except as provided in subsection 3.4.3, the City will pay for approved tests and services rendered by the approved laboratory or agency in addition to the Contract price for construction.
- **3.4.3** When initial tests indicate that any portion of the Work is not in conformance with the Contract because of faulty workmanship, the Contractor shall be required to pay for necessary re-tests. When initial tests indicate that the work is in conformance with the Contract, any re-testing that's ordered by the City shall be paid for by the City.

4. THE CONTRACTOR'S DUTIES AND RESPONSIBILITIES

4.1 Contractor's Review of Contract and Site Conditions

- **4.1.1** It shall be the duty of the Contractor to carefully study and compare all drawings, specifications and instructions. If any discrepancies, errors, omissions or inconsistencies are discovered in the drawings or specifications, or between the drawings and specifications, or there are any conflicts between existing site conditions and the requirements of the drawings and specifications, the Contractor shall immediately call all such discrepancies to the attention of the City Contract Representative.
- 4.1.2 The Contractor shall be required to use, for data and dimensions, figures marked on the drawings in preference to what the drawings may measure to scale; but in the absence of figured dimensions, scale dimensions may be used with the prior written concurrence of the City Contract Representative. The Contractor shall verify all dimensions shown and check all measurements in connection with any present building or buildings, level or grades, walks, driveways or other existing conditions before executing any work. Errors or inconsistencies shall be reported to the City Contract Representative immediately. It is the responsibility of the Contractor to provide BLUESTAKE verification of underground utilities on which may impact construction site.
- **4.1.3** Change orders will not be issued to cover any cost, loss or expense for additional labor or materials required to rectify any error or inconsistency in the drawings and specifications unless prior notification is given by the Contractor to the City Contract Representative.
- **4.1.4** The Contractor shall perform the Work in accordance with the Contract and with shop drawings, product data and samples that have been approved by the City Contract Representative.
- **4.1.5** Notwithstanding the above provisions, if the Contractor is responsible for the design of the Work, the Contractor shall ensure the accuracy and completeness of the drawings, specifications and instructions. If any discrepancies, errors, omissions or inconsistencies are discovered in the drawings or specifications, or between the drawings and specifications, or there are any conflicts between existing site conditions and the requirements of the drawings and specifications, the Contractor shall immediately call all such discrepancies to the attention of the City Contract Representative and shall be responsible for any required corrective action.

4.2 Contractor's Supervision

- **4.2.1** The Contractor shall efficiently and continuously supervise and direct the Work, using its best skill and attention. Unless the Contract specifically provides otherwise, the Contractor shall be solely responsible for and shall exercise control over construction means, methods, techniques and procedures and shall coordinate the sequences of all portions of the Work.
- **4.2.2** The Contractor shall ensure that the key personnel submitted in response to the Request for Qualifications and assigned to this Contract are available throughout the term of the Contract. In the event that the Contractor requests substitution of key personnel, the Contractor shall obtain prior approval from the City for key personnel substitution. The Contractor shall ensure that substituted personnel are equally qualified and capable. Information on the qualifications of proposed substitutes shall be provided to the City for its consideration and approval prior to substitution taking place.
- **4.2.3** The Contractor agrees that it is as fully responsible to the City for the acts and omissions of its subcontractors and of persons, either directly or indirectly employed by the Contractor, as it is for the acts and omissions of persons directly employed by the Contractor.

4.3 Materials and Labor; Warranty

4.3.1 Unless otherwise stipulated, the Contractor shall provide and pay for all materials, labor, equipment, tools, construction equipment and machinery, water, gas, heat, utilities, transportation, and other facilities and services necessary for the execution, completion and delivery of the Work within the specified Completion Time.

4.3.2 The Contractor shall pay all applicable taxes associated with the Work.

- **4.3.3** The Contractor warrants to the City that all materials and equipment furnished under the Contract will be new unless otherwise specified, and that all of the Work will be of good quality, free from faults and defects and in conformance with the Contract. All Work not conforming to these requirements, including substitutions not properly approved and authorized, may be considered defective.
- **4.3.4** The Contractor shall furnish all materials required to complete the work, except those specified to be furnished by the Agency. The Contractor shall receive, inventory, store, inspect, protect, distribute, and install Agency furnished material unless otherwise specified. The cost of handling and placing all materials after they are delivered to the Contractor shall be considered as included in the contract price for the item in connection with which they are used. The Contractor shall be held responsible for all material delivered to the contractor. Deductions shall be made from any monies due the Contractor to make good any shortages or deficiencies, from any cause whatsoever and for any damage which may occur after such delivery, and for any late delivery charges.
- **4.3.5** The Contractor will be held to furnish all work as specified in the Contract. After a price proposal for the Work has been accepted by the City, changes of brand named, trade named, trademarked, patented articles, or any other substitutions will be allowed only by written order signed by the City Contract Representative. Unless otherwise agreed to via Change Order, the City shall receive all benefits of the difference in costs.
- **4.3.6** Materials not conforming to the requirements of the specifications, whether in place or not, shall be rejected and shall be promptly removed from the site of the work, unless otherwise directed by the City Contract Representative. No rejected material, the defects of which have been corrected, shall be returned to the work site until such time as approval for its use has been given by the City Contract Representative.

4.4 Construction Schedules and Submittals

- **4.4.1** Before commencing the Work, the Contractor shall provide the City Contract Representative with a construction schedule for the Work, fixing the dates at which various predetermined events shall occur in order to promote a timely completion of the various parts of the Work in accordance with the Contract. The schedule may be revised from time to time as may be required by conditions of the Work, but shall not exceed time limits, or any extensions thereof, set forth in the Contract or in the individual job order, as appropriate.
- **4.4.2** The Contractor shall prepare and keep current for the City Contract Representative's approval, a schedule of submittals which shall be coordinated with the Contractor's construction schedule and allow the City Contract Representative reasonable time to review such submittals.
- **4.4.3** After review, the City Contract Representative, with reasonable promptness, shall approve these shop or setting drawings, product data, samples and sequences for conformance with the design concept of the project, the approved construction schedule, and other requirements of the Contract.
- **4.4.4** The Contractor shall make any corrections required by the City Contract Representative and resubmit such corrected materials to the City Contract Representative for approval. Any correction or change that will result in a design or function change or in an increase or decrease in the Contract price must also receive the prior approval of the City's Administrative Services General Manager or their designee.
- **4.4.5** The Contractor shall perform no portion of the Work requiring submittal and review of shop drawings, product data, samples or schedules until the respective submittals have been approved by the City Contract Representative, and shall not deviate from such submittals after final approval by the City Contract Representative.
- **4.4.6** As-builts documents must be provided to the City by the Contractor within thirty days of substantial completion. The City reserves the right to withhold final payment until complete asbuilts have been received in good order by the City Contract Representative.

4.5 Documents and Samples at the Work Site

4.5.1 Unless otherwise directed by the City's Contract Representative, the Contractor shall maintain at the Work site a complete file of the drawings, specifications, amendments, change orders and other approved modifications, in good order and marked to reflect changes and selections made during construction, together with all approved shop drawings, product data, samples and similar required submittals. Such files shall be made available to the City Contract Representative and Public Inspectors upon request.

4.6 Protection and Use of Site - (Signs, Utilities, Water, Sanitation, Traffic, etc.)

- **4.6.1** The City will provide land, rights-of-way and easements for all work specified in the Contract. The Contractor shall confine their apparatus, the storage of materials and the operations of its workmen to limits indicated by law, ordinances, permits or directions of the City Contract Representative, and shall not unreasonably encumber the premises with their material and equipment.
- **4.6.2** Contractor shall prevent any damage to pipes, sewers, computer and phone lines, conduits or other structures, including public and/or private lawns, gardens, shrubbery and trees encountered in the Work, and shall hold the City harmless from damages for any injury done to such pipes, structures or property during the course of the Work.

- **4.6.3** Work shall be accomplished so that there will be a minimum of traffic interruption and inconvenience, discomfort or damage to the public.
- **4.6.4** The Contractor shall supply safe drinking water for all Contractor employees at the Work site.
- 4.6.5 If archaeological, historical or paleontological features are encountered or discovered during any activity related to the Work, the Contractor shall stop work immediately at that location and shall take all reasonable steps to secure the preservation of those features. The City Contract Representative will make arrangements for the proper treatment of the affected portion of the Work site. The Contractor shall not resume work in the affected portion without the prior approval of the City Contract Representative. Extensions in the Completion time for delays resulting from the discovery of archaeological, historical or paleontological features, if such discovery results in a delay to the progress of the Work, may be claimed by the Contractor in accordance with Article 10 of these General Conditions.

4.7 Cleaning Up

- **4.7.1** The Contractor shall at all time keep the construction site and surrounding area free from accumulations of waste material or rubbish caused by operations under the Contract. Upon completion of the Work, the Contractor shall remove all rubbish, tools, equipment, scaffolding and surplus materials from the site and surrounding areas and leave the area "broom clean" or its equivalent, unless otherwise instructed by the City Contract Representative.
- **4.7.2** If the Contractor fails to clean up as provided in the Contract, the City may do so and the cost thereof shall be charged against the Contractor.

4.8 Emergencies

- **4.8.1** In an emergency affecting the safety of life or property, the Contractor, without special instruction or authorization from the City Contract Representative, is hereby permitted, authorized and directed to act at its own discretion to prevent threatened loss or injury.
- **4.8.4** Except in the case of an emergency requiring immediate remedial work, any work performed after regular working hours, on Saturdays, Sundays or legal holidays shall be performed without additional expense to the City unless such work has been specifically requested and approved by the City Contract Representative.
- **4.8.5** The Contractor shall file with the City Contract Representative the names, addresses and telephone numbers of their employees who can be contacted at any time in case of emergency. These Contractor representatives must be fully authorized and equipped to correct unsafe or excessively inconvenient conditions on short notice by the City or the Public Inspectors.

4.9 Permits, Fees and Notices

- **4.9.1** The Contractor shall, at their expense, obtain all necessary permits and licenses for work performed under the Contract, and shall give all necessary notices required by laws, ordinances, rules, regulations and lawful orders of public authorities pertaining to performance of the Work, public health and safety.
- **4.9.2** If the Contractor knowingly performs work which is not in compliance with such laws, ordinances, rules, regulations or orders, without such notice to the City Contract Representative, the Contractor shall assume full responsibility for such Work and shall bear all costs attributable thereto.

4.10 Royalties and Patents

- **4.10.1** The Contractor shall pay all royalties and license fees.
- **4.10.2** The Contractor and the surety shall defend any suit or proceeding brought against the procuring agency, during the prosecution or after the completion of the work, based on a claim that manufacture, sale, or use of any method, process, machine, technique, design, living thing, genetic material, or composition of matter, or any part thereof, furnished or used under this Contract constitutes an infringement of any patent, trademark, or copyright, and the Contractor shall pay all damages and costs awarded therein, against the procuring agency and any affected third party or political subdivision. If manufacture, sale, or use of said method, process, machine, technique, design, living thing, genetic material, or composition of matter, or any part thereof, is in such suit held to constitute infringement and if manufacture, sale, or use of said method, process, machine, technique, design, living thing, genetic material, or composition of matter, or part thereof, is enjoined, the Contractor shall, at its own expense, either procure for the procuring agency the right to continue manufacture, sale, or use of said method, process, machine, technique, design, living thing, genetic material, or composition of matter, or part thereof, or, subject to Engineer's approval, replace same with noninfringing method, process, machine, technique, design, living thing, genetic material, or composition of matter, or part, or modify it so it becomes noninfringing.
- **4.10.3** If appropriate, the Contractor shall furnish the City Contract Representative satisfactory evidence of patent licenses or patent releases covering City-specified proprietary materials, equipment, devices or processes, as the case may be.

4.11 Protection of Persons and Property

- **4.11.1** The Contractor shall be responsible for initiating, maintaining, supervising and directing all safety precautions and programs in connection with the performance of the Contract.
- **4.11.2** The Contractor shall be responsible for the protection of all Work until completion and final payment is made, including any material or equipment to be incorporated whether in storage on or off the Work site.
- **4.11.3** The Contractor shall, at their own expense, replace damaged or lost material, or repair damaged parts of the Work or of other property at the work site or adjacent thereto, and the Contractor and their sureties shall be liable therefore.
- **4.11.4** The Contractor shall assume all risks from floods and casualties and shall make no claim for damages for delay from such causes. However, a reasonable extension of time on account of such delays may be allowed, subject to the conditions contained in Article 6 of these General Conditions.
- **4.11.5** In the event the Contractor encounters on the work site material reasonably believed to be a hazardous material, such as asbestos or polychlorinated biphenyl (PCB), the Contractor shall immediately stop work in the area affected and report the condition to the City Contract Representative.
- **4.11.6** The Contractor shall take all necessary precautions for the safety of employees on the work site and other persons who may be affected thereby, and shall comply with all applicable provisions of Federal, State and Municipal safety laws and building codes to prevent accidents or injury to persons on, about or adjacent to the premises where the Work is being performed. The Contractor shall erect and properly maintain at all times, as required by the condition and progress of the Work, all necessary safeguards for the protection of workmen and the public and shall post danger signs warning against the hazards created by such features of construction as

protruding nails, hod hoists, well holes, elevator hatchways, scaffolding, window openings, stairways and falling materials.

4.11.7 The Contractor warrants it is fully familiar and shall comply with all of the safety requirements of the Occupational Safety and Health Act (29 U.S.C. Sections 641-678, or as amended or recodified from time to time). Also the Hazard Communication Act relating to the use of hazardous materials (29 C.F.R. 1910-1200, or as amended or recodified from time to time), as promulgated by the Federal Government and as implemented by the State of Arizona, and that it will be solely responsible for all fines and penalties provided for by law for any violation of such Act and, furthermore, shall require all subcontractors to comply with such Acts and with the provisions of this section. Any claims arising out of alleged violations of such Acts are covered by the indemnification set forth in Section 4.12.

4.12 Indemnification and Insurance

4.12.1 To the fullest extent permitted by law, Contractor, its successors, assigns and guarantors, shall pay, defend, indemnify and hold harmless City of Cottonwood, its agents, representatives, officers, directors, officials and employees from and against all allegations, demands, proceedings, suits, actions, claims, damages, losses, expenses, including but not limited to, attorney fees, court costs, and the cost of appellate proceedings, and all claim adjusting and handling expense, related to, arising from or out of or resulting from any actions, acts, errors, mistakes or omissions caused in whole or part by Contractor relating to work or services in the performance of this Contract, including but not limited to, any Subcontractor or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable and any injury or damages claimed by any of Contractor's and Subcontractor's employees, provided, however, that this duty to indemnify, hold harmless and defend shall not include losses, damages, claims, liabilities, costs and expenses to the extent arising from the acts or omissions of the City.

4.12.2 The Contractor Agrees to:

- .1 Obtain insurance coverage of the types and amounts required in this subsection and keep such insurance coverage in force throughout the life of the Contract. The Contractor will provide satisfactory certificates of the required coverage to the Contracting Officer before beginning the Work. All policies will contain an endorsement providing that written notice be given to the City at least ten (10) calendar days prior to termination, cancellation or reduction in coverage in any policy.
- .2 Include the City as an additional insured on the General Liability Insurance and Automobile Liability Insurance policies with respect to liability arising out of the performance of the Work. Policies shall contain a waiver of subrogation against the City. The Contractor agrees that the insurance required hereunder will be primary and that any insurance carried by the City will be excess and not contributing.
- .3 Provide and maintain minimum insurance coverage as follows:

Coverage Afforded	Limits of Liability	
Worker's Compensation		Statutory
Commercial General Liability		\$1,000,000
Products & Completed Operation	ns	\$1,000,000
Blanket Contractual		\$1,000,000
Explosion, Collapse & Underground Hazard		\$1,000,000
Premises-Operations		\$1,000,000
Personal and Advertising Injury		\$1,000,000

Automobile Liability

Insurance Including:

- 1. Non-Owned
- 2. Leased
- 3. Hired Vehicles
- .4 In the event any of the Work is subcontracted, the Contractor shall require the subcontractor to provide Workers' Compensation insurance for all of the subcontractor's employees engaged in the Work, unless such employees are covered by the protection afforded by the Contractor's Workers' Compensation insurance. In case any class of employees engaged in hazardous work under the Contract is not protected under the Workers' Compensation statute, the Contractor shall provide, and shall cause each subcontractor to provide, adequate employer's general liability insurance for the protection of such of their employees as are not otherwise protected.

5. SUBCONTRACTS AND SEPARATE CONTRACTS

5.1 Subcontracts

- 5.1.1 The Contractor shall ensure that the assigned to this Contract are available throughout the term of the Contract. In the event that the Contractor requests substitution of subcontractors, the Contractor shall obtain prior approval from the City for subcontractor substitution. The Contractor shall ensure that substituted subcontractors are equally qualified and capable. Information on the qualifications of proposed substitutes shall be provided to the City for its consideration and approval prior to substitution taking place.
- 5.1.2 In job-order-contracting, by appropriate written agreement, the Contractor agrees that each subcontractor has been notified in writing of the negotiated amount or coefficient agreed to for billing purposes. Furthermore, by appropriate written agreement, the Contractor agrees that each subcontractor shall be bound to the Contractor by the terms of this Contract. In the event of a conflict between the substance of a written subcontract and the language of this Contract, the language of this Contract shall prevail.
- 5.1.3 Contractor shall ensure that each subcontract shall preserve and protect the rights of the City under the Contract with respect to the work to be performed by the subcontractor. Where appropriate, the Contractor shall require each subcontractor to enter into similar agreements with sub-subcontractors. In this connection, the Contractor shall make available to each subcontractor, prior to execution of any subcontract, copies of the Contract provisions to which the subcontractor will be bound. Subcontractors shall also make copies of applicable portions of the Contract available to their respective subcontractors.
- **5.1.4** Each subcontract will require the subcontractor to submit to the Contractor applications for payment in such reasonable time as to enable the Contractor to apply for payment to the City in a timely manner, including any claims for extras, extensions of time, and damages for delays or otherwise to the Contractor in the manner provided in the Contract for like claims by the Contractor upon the City.

5.1.5 The Contractor further agrees:

- .1 To be bound to the subcontractor by all the obligations that the City assumes to the Contractor under this Contract, and by all provisions thereof affording remedies and redress to the Contractor from the City.
- .2 To promptly pay the subcontractor in accordance with applicable State statute.

- .3 That, at all times, the subcontractors' total payments shall be proportionate to the value of the labor and materials provided by them. Payment may be preconditioned upon the subcontractors providing the Contractor with requested significant partial or final lien waivers.
- .4 To pay the subcontractor to such extent as may be provided by the Contract or the subcontract, if either of these provides for earlier or larger payments than the above.
- .5 To ensure timely payment to subcontractors for their work as performed and for materials fixed in place, less any applicable retention, despite any delay by the City in making payments to the Contractor for any cause not the fault of the subcontractor.
- **.6** To share or forward, as appropriate, with its subcontractors or, as appropriate, with the City, any fire insurance money received by the Contractor under the insurance provisions of the Contract.
- .7 That no claim for services rendered or materials furnished by the Contractor to the subcontractor shall be valid unless written notice thereof is given by the Contractor to the subcontractor during the first ten (10) days of the calendar month following that in which the claim originated.
- **.8** To give the subcontractor an opportunity to be present and to submit evidence in any Contractual claim, controversy or dispute.
- 5.1.7 Nothing in this Article shall create any obligation on the part of the City to pay to, or to see to the payment of, any sums to any subcontractor, except as may otherwise be required by law.
- **5.1.8** Each subcontract agreement for a portion of the Work is hereby assignable by the Contractor to the City provided that:
 - .1 Assignment is effective at the sole option of the City and only upon termination of the Contract for cause pursuant to Article 9 of these General Conditions, and only for those subcontract agreements which the City determines to accept by notifying the subcontractor in writing, and
 - .2 Assignment is subject to the prior rights of the surety obligated under the Bonds relating to the Contract.

5.2 Separate Contracts

- **5.2.1** The City reserves the right to perform construction or operations related to the Work with the City's own forces and to let separate Contracts in connection with other portions of the Work or other construction or operations on the Work site.
- **5.2.2** The Contractor shall afford other Contractors on the Work site reasonable opportunity for the introduction and storage of their materials and the execution of their work, and shall properly connect and coordinate its work with theirs.
- **5.2.3** The City Contract Representative shall coordinate the activities of the City's own forces and of each separate Contractor with the work of the Contractor. The Contractor and all other Contractors on the Work site shall be required to review their construction schedules and cooperate with the City Contract Representative in coordinating the various portions of the Work with the schedules of such separate contractors.

- 5.2.4 If any part of the Contractor's work depends, for proper execution or results, upon the work of any other contractor, the Contractor shall inspect and promptly report to the City Contract Representative any defects in such work that render it unsuitable for continuance of the Contractor's Work. Failure to inspect and report may constitute an acceptance of the other contractor's work as fit and proper for the reception of the Contractor's Work, except as to defects not then reasonably discoverable.
- **5.2.5** Costs caused by the Contractor because of delays or by improperly timed activities or defective construction shall be borne solely by the Contractor.
- 5.2.6 If the Contractor causes damage to any separate contractor on the site, the Contractor, upon due notice, agrees to settle with such separate contractor by agreement or arbitration, if he will so settle. If such separate contractor sues the City on account of any damage alleged to have been so sustained, the City shall notify the Contractor, who shall defend such proceedings and, if any judgment against the City arises therefrom, the Contractor shall pay or satisfy it.
- **5.2.7** Should separate contractors on the Work cause any damage, cost or loss to the Contractor, the City shall not be held responsible or liable therefore in any way other than extensions of completion time in accordance with Article 6 of these General Conditions.

6. TIME FACTORS; LIQUIDATED DAMAGES

6.1 Time

- **6.1.1** Unless otherwise provided in the Notice to Proceed, the Completion Time is the number of calendar days, including authorized time extensions, specified for completion of the Work.
- 6.1.2 Completion Time shall commence on the day specified in the Notice to Proceed. The date shall not be postponed on account of the failure of the Contractor, or of any of its subcontractors to take any action required to commence the Work.
- **6.1.3** The date of Substantial Completion is the date certified by the City Contract Representative pursuant to Subsection 7.4.1 of Article 7 of these General Conditions. It is expressly agreed that the time for completion is a reasonable time, considering average climatic conditions and usual industrial conditions prevailing in the Cottonwood area.
- **6.1.4** The term "day" as used in the Contract shall mean calendar day.
- **6.1.5** By execution of the Contract documents, or by concurrence with the Notice to Proceed in the case of a job order, the Contractor acknowledges that the time described is a reasonable period for a competent Contractor to complete the Work.
- **6.1.6** The Contractor shall proceed expeditiously with adequate forces and shall achieve Substantial Completion within the agreed upon time frame. If the Contractor is delayed on any portion of the Work for any reason whatsoever, it shall expeditiously proceed on other portions of the Work which are not affected by such delay.

6.2 Liquidated Damages

6.2.1 The amount of liquidated damages, if applicable, shall be as specified in the Contract documents, or, in the case of a job-order, in the Notice to Proceed.

- **6.2.2** The Contractor has been put on notice that the City shall enforce the liquidated damages set forth in the Contract documents or Notice to Proceed.
- **6.2.3** The Contractor agrees that the City will incur damages if the Contractor fails to complete the Work within the Completion time or any approved extensions thereof and that the liquidated damages specified in the Contract or, in the case of a job-order, in the Notice to Proceed, represents a fair and equitable approximation of the City's damages.

Each calendar day that the Contractor shall fail to achieve Substantial Completion after the calendar date agreed to for the completion of the Work provided for in the Contract, the sum set forth in the Contract documents will be deducted from any monies due the Contractor, not as penalty, but as liquidated damages; provided however, that due account will be taken of any adjustments of the Completion time for the completion of the work allowed under the Contract.

Permission allowing the Contractor to continue and finish any part of the Work after the time fixed for its completion or after the date to which the time for completion may have been extended shall in no way operate as a waiver on the part of the City of any of its rights under the Contract.

Once substantial completion is granted, the Contractor shall achieve final completion within thirty (30) calendar days, unless otherwise agreed upon. If final completion does not occur within the agreed upon number of days, liquidated damages will commence on the first day after the agreed days, until final completion occurs.

6.3 Delays and Time Extensions

6.3.1 It is agreed that the City's only liability for any delay from any cause shall be limited to granting a time extension to the Contractor and that no extended general conditions for any delay will be applicable unless agreed to by the City. There is no other obligation, express or implied, on the part of the City to the Contractor for delay from any cause.

6.3.2 Force Majeure

- .1 Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of Force Majeure. The term "Force Majeure" means a major occurrence that is beyond the control of the parties affected and occurs without its fault or negligence. Force Majeure shall not include late performance by a sub-contractor unless the delay arises out of a Force Majeure occurrence in accordance with this Force Majeure term and condition.
- .2 If either party is delayed at any time in the progress of the work by Force Majeure, the delayed party shall immediately notify the other party in writing of such delay of the commencement thereof, and shall specify the causes of such delay in such notice. Such notice shall be hand-delivered or mailed certified-return receipt and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by contract modification for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract.
- **6.3.3** The completion time shall be extended when delay in completion of the Work by either the Contractor or the subcontractors is due to any preference, priority or allocation order duly issued by the Federal Government.

- **6.3.4** Time extensions shall only be granted for delays caused by the City, changes authorized in accordance with Article 8 of this agreement, or delays pursuant to sections 6.3.2 and 6.3.3.
- **6.3.5** Should a dispute arise between the Contractor and the City regarding a delay or time extension, the Contractor shall continue progress on the Work until the dispute is resolved.

7. PAYMENTS TO THE CONTRACTOR

7.1 Contract Price; Request for Payment; Schedule of Values

- **7.1.1** The Contract amount or coefficient stated in the Contract documents or, in the case of a job order, in the Notice to Proceed, plus or minus any authorized adjustments, is the amount payable by the City to the Contractor for performance of the Work under the Contract or for a specific job order.
- **7.1.2** During the course of construction, the Contractor shall request payment for work actually performed during the preceding month or some other time period as mutually agreed to, using "ESTIMATE FOR PAYMENT" forms, which are furnished by the City or a City Contract Representative. A schedule of values and an updated project schedule shall accompany the request for payment.

7.2 Certification and Payment

- 7.2.1 The City by mutual agreement may make progress payments on Contracts of less than ninety days and shall make monthly progress payments on all other Contracts as provided for in this paragraph. Payment to the Contractor on the basis of a duly certified and approved estimate for payment of the work performed during the preceding calendar month under the Contract may include payment for material and equipment. An estimate of the work submitted shall be deemed approved and certified for payment after seven days from the date of submission unless before that time the City or the City's designee prepares and issues a specific written finding setting forth those items in detail in the estimate of the work that are not approved for payment under the Contract. The City may withhold an amount from the progress payment sufficient to pay the expenses the City reasonably expects to incur in correcting the deficiency set forth in the written finding. The progress payments shall be paid on or before Thirty days after the estimate of the work is certified and approved. The estimate of the work shall be deemed received by the City on submission to any person designated by the City for the submission, review or approval of the estimate of the work.
- **7.2.2** On completion and acceptance of each separate building, public work or other division of the Contract on which the price is stated separately in the Contract, except as qualified in paragraph 7.2.5, payment may be made in full, less authorized deductions. In preparing estimates, the material and equipment delivered on the site to be incorporated in the job shall be taken into consideration in determining the estimated value by the architect, engineer or other person, as specified in the Contract.
- 7.2.3 The Contractor shall pay to the Contractor's subcontractors or material suppliers and each subcontractor shall pay to the subcontractor's subcontractor or material supplier, within seven days of receipt of each progress payment, unless otherwise agreed in writing by the parties, the respective amounts allowed the Contractor or subcontractor on account of the work performed by the subcontractors, to the extent of each subcontractor's interest, except that no Contract for construction services may materially alter the rights of any Contractor, subcontractor or material supplier to receive prompt and timely payment as provided under this section. The payments to subcontractors or material suppliers shall be based on payments received pursuant to this section. Any diversion by the Contractor or subcontractor of payments received for work performed on a Contract, or failure to reasonably account for the application or use of those payments, constitutes grounds for disciplinary action by the Registrar of Contractors. The subcontractor or material

- supplier shall notify the Registrar of Contractors and the City in writing of any payment less than the amount or percentage approved for the class or item of work as set forth in this section.
- **7.2.4** A subcontractor may notify the City in writing requesting that the subcontractor be notified by the City in writing within five days from payment of each progress payment made to the Contractor. The subcontractor's request remains in effect for the duration of the subcontractor's work on the project.
- **7.2.5.** Nothing in this section prevents the Contractor or subcontractor, at the time of application and certification to the City or Contractor, from withholding the application and certification to the City or Contractor for payment to the subcontractor or material supplier for unsatisfactory job progress, defective construction work or materials not remedied, disputed work or materials, third party claims filed or reasonable evidence that a claim will be filed, failure of a subcontractor to make timely payments for labor, equipment and materials, damage to the Contractor or another subcontractor, reasonable evidence that the subcontract cannot be completed for the unpaid balance of the subcontract sum or a reasonable amount for retention.
- **7.2.6** If any payment to a Contractor is delayed after the date due interest shall be paid at the rate of one per cent per month or fraction of a month on the unpaid balance as may be due.
- **7.2.7** If any periodic or final payment to a subcontractor is delayed by more than seven (7) days after receipt of the periodic or final payment by the Contractor or subcontractor, the Contractor or subcontractor shall pay the subcontractor or material supplier interest, beginning on the eighth day, at the rate of one per cent per month or fraction of a month on the unpaid balance as may be due.
- **7.2.8** Notwithstanding anything to the contrary in this section, this section applies only to amounts payable in a construction services Contract for construction and does not apply to amounts payable in a construction services Contract for design services, preconstruction services, finance services, maintenance services, operations services and other related services.
- **7.2.9** The City Contract Representative, with reasonable dispatch, will review the contents of the ESTIMATE FOR PAYMENT submitted by the Contractor, determine the sufficiency of the estimate, satisfy himself that the City has received full value, certify the estimate and submit it through normal channels for payment.
- **7.2.10** Neither the certification nor payment made to the Contractor, nor partial or entire use or occupancy of the Work by the City shall constitute an acceptance of any portion of the Work.

7.3 Payment Withheld

- **7.3.1** If the City Contract Representative is unable to certify a request for payment in whole or in part because, after observing the Work and the data comprising the ESTIMATE FOR PAYMENT, the City Contract Representative determines that the Work has not progressed or the quality of the Work is not in accordance with the Contract, the City Contract Representative shall promptly notify the Contractor. If the City Contract Representative and the Contractor cannot agree on a revised amount, the City Contract Representative will promptly issue a certificate for payment in an amount they determine is justified.
- **7.3.2** The City Contract Representative or other City official, as a result of subsequently discovered evidence, may also withhold or nullify the whole or a part of any certification to such extent as may be necessary to protect the City from loss on account of:
 - .1 Defective work not remedied.
 - .2 Third party claims filed or reasonable evidence indicating probable filing of such claims.

- .3 Failure of the Contractor to make payments properly to subcontractors or for labor, materials, or equipment.
- .4 Reasonable doubt that the Work can be completed for the unpaid balance of the Contract amount, or reasonable evidence that the Work will not be completed within the Completion time and that the unpaid balance would not be adequate to cover actual or liquidated damages for the anticipated delay.
- .5 Damage to another contractor or to the City.
- **.6** Damage to the real or personal property of another and failure to repair or replace the same.
- .7 Persistent failure to carry out the Work in accordance with the Contract.
- **7.3.3** When the grounds for withholding payment have been corrected to the satisfaction of the City Contract Representative or other City official concerned, the City shall proceed to process any amounts due.

7.4 Substantial Completion

- 7.4.1 When the Contractor considers that the Work, or a portion thereof which the City has agreed to accept separately, is ready for its intended use, it shall notify the City Contract Representative in writing that the Work, or the agreed upon portion thereof, is substantially complete and request the City Contract Representative to issue a Certificate of Substantial Completion. reasonable time thereafter, the City Contract Representative will make an inspection of the Work, or the designated portion thereof, to determine the status of completion. If the inspection discloses any item that is not in accordance with the Contract, the Contractor shall, before issuance of the Certificate of Substantial Completion, complete or correct such item. Contractor shall then submit a request for a re-inspection by the City Contract Representative. When the Work or designated portion thereof is determined to be substantially complete, the City Contract Representative will prepare a Certificate of Substantial Completion for signature of the parties, fixing therein the date of Substantial Completion and establishing the responsibilities of the City and Contractor, pending final payment by the City, for security, maintenance, utilities, damage to the Work, and insurance, and shall fix the time within which the Contractor shall finish all items on the punch list attached to the certificate.
- **7.4.2** Warranties required by the Contract shall commence on the date of Final Completion for a period of two years, except where a specific provision of the Contract provides otherwise.

7.5 Final Completion and Final Payment

7.5.1 Upon receipt of notice from the Contractor that the Work is ready for final inspection and upon receipt of a request for final payment, the City Contract Representative will determine that all items on the punch list have been completed or corrected and the City will make payment for such work or portion thereof as provided for in the Contract.

7.6 Consent of Surety/ Lien Waivers and As-Built Drawings

7.6.1 Final payment shall become due when the Contractor provides to the Contract Officer a Consent of Surety Certificate from their bonding company, or lien waivers, at the Contract Officer's discretion and all completed as-built drawings.

7.7 Partial Utilization

- 7.7.1 The City may occupy or use any portion of the Work which the City and the Contractor agree constitutes a separately functioning and usable part of the Work that can be used by the City without significant interference with the Contractor's performance of the remainder of the Work. Such use or occupancy may commence whether or not the portion is substantially complete, provided the City and the Contractor have accepted in writing their mutual responsibilities regarding the used portion, including but not limited to insurance coverage, maintenance and utilities.
- **7.7.2** Partial use or occupancy of the Work by the City shall not constitute acceptance of Work not complying with the requirements of the Contract.

8. UNCOVERING AND CORRECTION OF WORK; CHANGES IN THE WORK

8.1 Uncovering of Work

- **8.1.1** Piping, wiring, ducts, etc., shall not be covered up before proper inspection, approval and certificates, if required, are issued. Should any work that is designated for inspection by the City Contract Representative or the Contract before covering is covered before such inspection, it must be uncovered by the Contractor at their expense when examination is ordered by the City Contract Representative.
- **8.1.2** If a portion of the Work not designated by the City Contract Representative or the Contract for inspection has been covered and the City Contract Representative or a Public Inspector orders such work uncovered for inspection, the Contractor shall immediately uncover such work. If such uncovered work is found to be in accordance with the Contract, an appropriate Change Order shall be issued to compensate the Contractor for the expense of uncovering and replacing the work. If such work is found to be not in compliance with the Contract, the Contractor shall pay such costs, unless the condition was caused by the City or a separate Contractor.
- **8.1.3** The City shall not be responsible for or bear the cost of any re-examination and replacement occasioned by defects in the work caused by subcontractors.

8.2 Correction of Work

- 8.2.1 Correction of Work Before Final Payment: The Contractor shall promptly remove from the site of the Work all materials and/or associated portions of the Work rejected by the City Contract Representative as failing to conform to the Contract, whether incorporated or not, and the Contractor shall promptly replace and re-execute the Work in accordance with the Contract, without expense to the City, and shall bear the expense of making good the work of other contractors destroyed or damaged by such removal or replacement. If the Contractor does not remove such rejected Work and/or materials within a reasonable time, fixed by written notice, the City may remove it and may store the materials at the expense of the Contractor.
- **8.2.2** Should the Contractor fail to repair such defective material and/or workmanship or to make replacements within five (5) calendar days after written notice by the City, it is agreed that the City may, at its sole discretion, make such repairs and replacements and the actual cost of the required labor and materials shall be chargeable to and payable by the Contractor or his surety.

8.3 Changes in the Work

8.3.1 The City Contract Representative may order extra work or make changes by altering, adding to or deducting from the Work, the Contract price being adjusted accordingly by Change Order without invalidating the Contract. All such work shall be executed under the conditions of the original Contract except that any claim for extension of time caused thereby shall be adjusted at the time of ordering such change.

- **8.3.2** If, instead of requiring corrections or removal of work not conforming to the requirements of the contract, the work is determined to be acceptable with diminished value in the sole judgment of the City Contract Representative, a change order shall be issued incorporating the necessary revisions in the contract, including an appropriate reduction in the contract price. Such a change order does not require the signature or approval of the Contractor. Such acceptance of non-conforming work shall not constitute a waiver of any other work required under this contract.
- **8.3.3** The value of any extra work or change ordered under the Contract shall be determined in one or more of the following ways:
 - .1 By estimate and acceptance in a lump sum.
 - .2 By unit prices in the Contract or subsequently agreed upon prices.
 - **.3** By a fixed fee.

9. SUSPENSION OR TERMINATION OF THE WORK

9.1 Suspension of the Work for Cause; City's Right to Perform the Work

- **9.1.1** If the Contractor fails to correct Work which is not in accordance with the Contract, or persistently fails to carry out the Work in accordance with the Contract, the Contract Officer, after consultation with the City Contract Representative, may order the Contractor in writing to stop the Work, or any portion of the Work, until the cause for such order has been eliminated.
- **9.1.2** If the Contractor fails to prosecute the Work properly or fails to perform any provision of this Contract, the City may, five (5) days after written notice to the Contractor, and without prejudice to any other remedy the City may have, make good such deficiencies and may deduct the cost thereof from the payment then or thereafter due the Contractor. If payments then or thereafter due the Contractor are not sufficient to cover such amounts, the Contractor and its surety shall be liable to the City for such deficiency.

9.2 Termination by the City for Cause

- **9.2.1** The City, upon certification by the City Contract Representative, without prejudice to any other right or remedy of the City and after giving the Contractor seven (7) days written notice, may terminate this Contract as to all or any part of the Work for any of the following reasons:
 - .1 If the Contractor abandons the Work, or unnecessarily delays the Work.
 - .2 If the Contractor should persistently or repeatedly refuse or fail to supply enough properly skilled workers or proper materials or competent subcontractor.
 - .3 If the Contractor fails to make payment to subcontractor for materials or labor in accordance with the respective agreements between the Contractor and the subcontractor or as expressly set forth herein.
 - **.4** If the Contractor persistently disregards laws, ordinances, or rules, regulations or orders of a public authority having jurisdiction, or persistently violates the conditions or covenants of this Contract.
 - .5 If the Contractor should be adjudged bankrupt.
 - **.6** If the Contractor should make a general assignment for the benefit of its creditors or if a receiver should be appointed on account of its insolvency.

- **.7** If the Contractor is otherwise in substantial breach of a provision of the Contract as determined by the City.
- **9.2.2** Upon termination of the Contract for any of the above reasons, the City, subject to any prior rights of the surety, may:
 - .1 Take possession of the Work and of all materials, equipment, tools, and construction equipment and machinery at the Work site or adjacent thereto belonging to the Contractor.
 - **.2** Accept assignment of subcontracts pursuant to Subsection 5.1.8 of Article 5 of these General Conditions.
 - .3 Finish the Work by whatever reasonable method the City may deem expedient. In completing the Work by a new contractor or by doing the Work itself, the City may use such equipment, materials, supplies, machinery, implements, tools and plant of the Contractor in the City's possession and may make all necessary repairs and replacements thereto.
- **9.2.3** If the City terminates the Contract for one of the reasons stated in Subsection 9.2.1, the Contractor shall not be entitled to receive any further payment.
- **9.2.4** The cost of fully completing the Work provided for under any new contract shall include the sum or sums of money to be paid by the City to other Contractors, all costs of repairs and replacements of machinery, implements, tools and plant of the Contractor hereunder, and also all sums of money paid for additional management and administrative services, including but not limited to the cost of the City Contract Representative's additional services and added expenses made necessary by the termination of the Contract.
- **9.2.5** If the unpaid balance of the Contract price exceeds costs of finishing the Work, such excess may, at the City's discretion, be paid to the Contractor. If such costs exceed the unpaid balance, the City may sell all materials, supplies, machinery, implements, tools and plant of the Contractor's then on hand, at public sale, on giving the Contractor twenty (20) days notice of the time and place of such sale, and the net proceeds derived from the sale of said property shall be applied against such costs. Should the amount received from the sale be insufficient to pay such deficiency, the Contractor and its surety shall be liable to pay the amount of the deficiency.

9.3 Suspension by the City for Convenience

- **9.3.1** The City may, without cause, order the Contractor in writing to suspend or interrupt the Work in whole or in part for such period of time as the City may determine whenever such suspension or interruption would be in the best interest of the City.
- **9.3.2** If the City suspends the Work for convenience, an adjustment shall be made for substantiated increases in the cost of performance of the Contract, if any, including profit on the increased cost of performance, caused by suspension or interruption. No adjustment shall be made to the extent:
 - .1 That performance is, was or would have been so suspended or interrupted by another cause for which the Contractor is responsible, or
 - .2 That an equitable adjustment is made or denied by the City.

9.4 Termination by the City for Convenience

- **9.4.1** The performance of the Work under this Contract may be terminated by the City, in whole or in part, in accordance with this clause whenever the City reasonably determines that such termination is in the best interest of the City. Any such termination shall be effected by delivery to the Contractor of a written Notice of Termination specifying the extent to which performance of the Work is terminated, and the date upon which such termination becomes effective.
- **9.4.2** If the Contract is terminated by the City as provided herein, the Contractor shall receive compensation for any Work performed and accepted, together with profit in proportion to the Work performed and accepted. The compensation shall include payment for contractual obligations reasonably incurred prior to termination. No amount shall be allowed for anticipated profit on unperformed Work.
- **9.4.3** In the event the City terminates the Work, in whole or in part, for cause pursuant to Section 9.2 of this Article 9 and the termination is later deemed to be unjustified, then such termination shall be automatically deemed a termination for convenience and the provisions of this Section 9.4 shall apply.
- **9.4.4** Termination of the Contract or portion thereof by the City for convenience shall not relieve the Contractor of their contractual responsibilities for the Work completed, nor shall it relieve the surety of its obligation for and concerning any just claim arising out of the Work completed.

9.5 Contractor's Right to Terminate Contract

- **9.5.1** The Contractor may terminate the Contract for any of the following reasons:
 - .1 If the Work should be stopped under an order of any court of competent jurisdiction or other public authority for a period in excess of one (1) month through no act or fault of the Contractor or of anyone directly or indirectly employed by him.
 - .2 If the City has failed to pay the Contractor within sixty (60) days after the date when any sum is certified for payment by the City Contract Representative, or
 - .3 If repeated suspensions or interruptions ordered by the City pursuant to Section 9.3 total in the aggregate more than one hundred percent (100%) of the total number of days scheduled for completion, or one hundred twenty (120) days in any three hundred sixty-five (365) day period, whichever is less.
- **9.5.2** If one of the above reasons exists, the Contractor may, upon seven (7) additional days, written notice to the City Contract Representative, stop Work and terminate the Contract and recover payment from the City for all Work executed and accepted by the City and any loss sustained upon any plant or materials and reasonable profit and damages.

10. CLAIMS AND DISPUTES

10.1 City Contract Representative's Resolution of Claims and Disputes; Review by Contract Officer

- **10.1.1** This Article relates to claims for additional compensation and any other differences between the parties arising under and by virtue of the Contract. Such claims are to be resolved at the earliest possible time and at the first responsible level so as to increase the possibility that such matters will be resolved without the vexation of an administrative hearing process, arbitration or litigation.
- **10.1.2** All claims, including but not limited to, claims relating to adjustments or interpretations of the Contract, payments of money, or other relief with respect to the terms of the Contract, shall be referred initially in writing to the City Contract Representative for action. The responsibility to substantiate claims shall rest with the party making the claim.

- 10.1.3 Claims by either party must be made within twenty-one (21) days after the event giving rise to the claim or within twenty-one (21) days after the claimant first becomes aware of the condition giving rise to the claim, whichever is later.
- **10.1.4** Pending final resolution of a claim, the Contractor shall proceed diligently with performance of the Contract and the City shall continue to make payments in accordance with the Contract.
- **10.1.5** The City Contract Representative shall, within twenty-one (21) days of receipt of a claim, issue one of the following:
 - .1 Issue a decision either rejecting or approving the claim.
 - .2 Suggest an equitable compromise of the claim.
 - .3 Provide a schedule to the Contractor indicating when they expect to be able to take action, which shall be within a reasonable time.
- **10.1.6** The City Contract Representative may require the submission of additional documentation from the Contractor to facilitate a decision.
- 10.1.7 The Contractor shall have ten (10) days from the date of the City Contract Representative's final decision rejecting or approving a claim, or suggesting a compromise, within which to accept or object to the decision. Failure of the Contractor to accept or object to the decision in writing within such ten (10) day period shall be deemed an acceptance of the decision. If the Contractor rejects the decision of the City Contract Representative in writing within such ten (10) day period, the matter shall be referred to the Contract Officer for de novo review.
- **10.1.8** The Contract Officer shall have sixty (60) days from receipt of a written objection by the Contractor to the City Contract Representative's final decision, or such longer period as the parties may stipulate in writing, to review the matter and issue a response. During such period, the Contract Officer may require such additional documentation or testimony as deemed necessary to support his/her response.

11. MISCELLANEOUS PROVISIONS

11.1 Governing Law

11.1.1 The Contract shall be governed and construed according to the laws of the Cottonwood City Code and the State of Arizona.

11.2 Written Notice

11.2.1 Written notice shall be deemed to have been duly served if delivered in person to the individual or a member of the firm or entity or to an officer of the corporation for which it was intended, or if delivered at or sent by registered or certified mail to the last known business address known to the party giving notice.

11.3 Conflict of Interest

11.3.1 The City shall also have the right to terminate this Contract pursuant to the conflict-of- interest provisions of A.R.S. Sec. 38-511 and to exercise any and all remedies provided in such statute. The City may cancel this Contract if any person significantly involved in negotiating, drafting, securing or obtaining this Contract for or on behalf of the City of Cottonwood becomes an employee in any capacity of any other party or a consultant to any other party with reference to the subject matter of this Contract.

11.4 Contractor

- **11.4.1** It is clearly understood that each party shall act in its individual capacity and not as an agent, employee, partner, joint venturer, or associate of the other. An employee or agent of one party shall not be deemed or construed to be the employee or agent of the other party for any purpose whatsoever.
- **11.4.2** Contractor shall not be entitled to compensation in the form of salaries, or to paid vacation or sick days by the City, and that such days do not accumulate for the use of same at a later date.
- **11.4.3** The City of Cottonwood will not provide any insurance coverage to Contractor, including Workers' Compensation coverage. The Contractor is advised that taxes or social security payments shall not be withheld from a City payment issued hereunder and that Contractor should make arrangements to directly pay such expenses, if any.

11.5 Gratuities

11.5.1 The City may, by written notice to the Contractor, cancel this Contract if it is found that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by the Contractor or any agent or representative of the Contractor, to any officer or employee of the City amending, or the making of any determinations with respect to the performing of such contract. In the event this Contract is canceled by the City pursuant to this provision, the City shall be entitled, in addition to any other rights and remedies, to recover or withhold from the Contractor the amount of the gratuity.

11.6 Provisions Required By Law

11.6.1 Each and every provision of law and any clause required by law to be in the Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party the Contract shall forthwith be physically amended to make such insertion or correction.

11.7 Severability

11.7.1 The provisions of this Contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the Contract which may remain in effect without the invalid provision or application.

11.8 Interpretation – Parol Evidence

11.8.1 This Contract is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms of this agreement. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any term used in this Contract. Acceptance or acquiescence in a course of performance rendered under this Contract shall not be relevant to determine the meaning of this Contract even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity to object.

11.9 Rights and Remedies

No provision in this document or in the Contractor's response shall be construed, expressly or by implication as a waiver by either party of any existing or future right and/or remedy available by law in the event of any claim or default or breach of contract. The failure of either party to insist upon the strict performance of any term or condition of the contract or to exercise or delay the exercise of any right or remedy provided in the Contract, or by law, or the acceptance of materials or services, obligations

imposed by this Contract or by law, and shall not be deemed a waiver of any right of either party to insist upon the strict performance of the Contract.

11.10 Right to Assurance

Whenever one party to this Contract in good faith has reason to question the other party's intent to perform, the former party may demand that the other party give a written assurance of this intent to perform. In the event that a demand is made and no written assurance is given within five (5) days, the demanding party may treat this failure as an anticipatory repudiation with this Contract.

SCOPE OF WORK

1. INTRODUCTION

Notice is hereby given that the City of Cottonwood (City) is conducting a competitive one-step process to retain up to three (3) Contractors for a Job Order Contract (JOC) to provide annual Underground Contracting services for the City of Cottonwood. Individual job orders should not exceed five hundred thousand dollars (\$500,000). The term of this contract will be two (2) years with three (3) one-year renewal options. However, services will be requested on an as-needed, if-needed basis and the resultant contract is neither exclusive nor a commitment by the City that the Contractor's services will be required.

2. BACKGROUND:

Job Order Contracting is an alternative delivery method for construction of public works projects. JOC's differ from the standard project-specific, low bid contracts in that they are indefinite-quantity contracts, which can be awarded on the basis of qualifications. Best value may be considered in awarding the JOC or in awarding job orders under the JOC contract.

3. SCOPE OF REQUIRED SERVICES:

The City of Cottonwood is in need of Water and Wastewater Utilities, Excavating and Storm Water Drainage Job Order Contracting which includes but is not limited to:

- Replacement of water and sewer service lines.
- Replacement of water and sewer main lines.
- Installation of new water and sewer main and service lines.
- Sewer manhole installation and rehabilitation.
- Mainline water valve replacement and new installation.
- Replacement and installation of fire hydrants.
- General excavating, compaction and grading.
- Confined space pipefitting and repair.
- Potholing for utility location.
- Pipefitting and replacement/installation of booster stations, wells and wastewater system components.
- Asphalt patching and surfacing including subgrade and base preparation.
- Concrete work including slabs, sidewalks, curb and gutter, etc.
- Flood control and drainage work.
- Demolition of structures.
- Other Miscellaneous tasks as required.

4. SPECIFICATIONS

All work shall be conducted by an underground contracting firm properly licensed by the State of Arizona and shall conform to Arizona Department of Environmental Quality (ADEQ) rules and guidelines.

5. SAFETY

The Contractor shall provide sufficient safety devices (cones, barricades, tape) to establish a safety zone around the work area. The Contractor shall submit a traffic control plan and provide its personnel with safety vests for

projects in the right of way or where vehicular traffic is present, or as requested by the City.

During the construction process, the Contractor shall comply with all applicable federal, state and local (City of Cottonwood) health and safety laws and regulations including, but not limited to all applicable "OSHA Standards for the Construction Industry" including, but not limited to, 29 CFR Part 1926, Subpart P – Excavations. Knowing and following OSHA Safety Standards is the Contractor's responsibility. The City may stop construction on a project until safety concerns have been corrected.

6. CLEAN UP

The Contractor shall clean up all trash and debris generated by their work in a manner acceptable to the using department.

City of Cottonwood, Arizona
City Council Agenda Communication



<u></u> Print

Meeting Date: September 20, 2016

Subject: LeMain 919 Deck Overhang Above City Right-of-Way

Department: City Clerk

From: Berrin Nejad, Community Development Manager

REQUESTED ACTION

The owners of a proposed development project in Old Town are requesting approval to allow decks to overhang above the City right-of-way at 920 N. Main Street and along the alley to the rear of the property. The applicant is seeking approval from Council to allow the overhanging decks with an encroachment agreement. This is to allow the applicant the opportunity to move forward with a design that includes the overhanging decks.

SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is:

"I move to allow overhanging decks above City right-of-way, subject to Planning & Zoning Commission Design Review approval, approval of the final form of agreement by the City Attorney, and any additional requirements deemed necessary, reasonable and appropriate by staff."

BACKGROUND

The applicant owns two vacant parcels of land in Old Town, one of which fronts N. Main Street, and the other fronts N. Cactus Street. A proposed project is being worked on to rezone the properties to PAD (Planned Area Development) and construct two new mixed-use buildings. The upper levels of the Main St. building will be residential apartments, with the lower level used as retail space. The proposal includes buildings that would be three-stories with a deck on the Main Street frontage at the second story level, and along the alley to the rear of the building, at the second and third story levels. The deck fronting Main Street would overhang the right-of-way by approximately 19 feet 8 inches in length, and extend 5 feet from the building. The decks fronting the alley would be approximately 19 feet 8 inches in length and extend 3 feet into the alley.

Two existing businesses (Tavern Grill & Bocce's) in Old Town currently have encroachment or air space agreements with the City to allow use of the right-of-way, one of which is for decks to overhang.

JUSTIFICATION/BENEFITS/ISSUES

The applicant is developing three vacant parcels in Old Town as an in-fill development to help sustain the local economy. The design is modern, yet fits nicely with the historic character of the surrounding buildings.

Providing an aesthetically pleasing building to attract new tenants, both residential and commercial, will help continue the growth of Old Town. The City has mitigated liability of allowing the decks to overhang the right-of-way by requiring an encroachment agreement with the property owner and requiring them to provide insurance.

COST/FUNDING SOURCE

There is no cost to the city for this request.

ATTACHMENTS:				
Name:	Description:	Type:		
LAMAIN 919 Encroachment agreement (002) (002).pdf	Encroachment Agreement	Exhibit		
Deck_EasementAlley.pdf	Deck Easement Alley	Exhibit		
Deck_Easement - Main_Street.pdf	Deck Easement Main St.	Exhibit		
LM-FPB-NM5-8-16-ELEV.pdf	Elevation	Exhibit		
LM-FPB-NM5-8-16-RENDER.pdf	Render	Exhibit		
Master-SP5-8-16-ALLEY.pdf	Site Plan Alley	Exhibit		
Master-SP-8-16-16-DECK_B.pdf	Main St. Exhibit	Exhibit		
Master-SP-8-16-16-DECK_C.pdf	Alley Exhibit	Exhibit		

CITY OF COTTONWOOD, ARIZONA RIGHT-OF-WAY ENCROACHMENT AGREEMENT

RECITALS

THIS RIGHT-OF-WAY ENCROACHMENT AGREEMENT ("Agreement") is entered into effective the 20th day of September, 2016 (the "Effective Date"), between the City of Cottonwood, an Arizona municipal corporation ("City"), and Lamain 919, LLC ("Licensee") its heirs and assigns.

- A. Licensee owns certain real property within that part of the City known as "Old Town," on which it plans to operate commercial/residential buildings, which is located at 920 N. Main Street.
- B. The City holds in trust for the public certain real property located on two sides of the building which Licensee is preparing to construct (the "Right-of-Way Property"). A legal description of the area is attached as Exhibit A and Exhibit A-1 to this Agreement.
- C. Licensee's decks/balconies encroach upon the Right-of-Way property.
- D. In consideration of the anticipated benefits to the City in the form of increased sales tax revenues, and other good and valuable consideration as recited herein, the City agrees to allow Licensee to encroach upon and use the Right-of-Way Property on the terms and conditions set forth herein.

I. <u>ENCROACHMENT AREA:</u>

The property that is the subject of this Agreement is located east and west of the proposed building (currently vacant land) located at 920 N. Main Street that is currently under review for rezone, as depicted in Exhibits A, A-1, B and C, attached hereto and incorporated herein by this reference (the "Encroachment Area").

II. LICENSED USE:

Licensee is hereby authorized to use the Encroachment Area for construction of overhanging balconies/decks as part of the residential portions of the new buildings, and by its acceptance of this Agreement and use thereof, agrees to comply with and be bound by all applicable federal, state and local

laws, ordinances and regulations pertaining to its use thereof, and to each and all of the terms and conditions of this Agreement. The City also specifically acknowledges and consents to the continuing encroachment upon the Right-of-Way property represented by the location of the building.

IV. SPECIFIC REQUIREMENTS:

- 4.1. Community Development Department Consultations. Licensee shall consult with the City's Community Development Department to develop and implement specific plans for any future modifications to the existing improvements in the Encroachment Area and the installation or construction of any additional hardscape and landscape improvements necessary to accommodate the Licensed Use.
- 4.2 <u>Signage</u>. Licensee shall comply with all applicable City ordinances, codes, regulations and rules regarding the posting of signage on or about the Encroachment Area.

V. GENERAL CONDITIONS:

- 5.1 Prior Approval of Modifications to Encroachment Area. Any future modifications or additions to the Encroachment Area must be approved by the City's Community Development Department.
- 5.2 <u>City Retains Full Rights.</u> This Encroachment Agreement is limited to the Licensed Use within the Encroachment Area. The City of Cottonwood retains full ownership of and rights to the City Property, including the Encroachment Area.
- 5.3 <u>Insurance</u>. Licensee shall maintain, and shall require that any contractor performing work or services on Licensee's behalf within the Encroachment Area maintain insurance against claims for injuries to persons or damages to property which may arise from or in connection with the use of the Encroachment Area by Licensee, its contractors, and by the respective agents, representatives, employees or contractors of either Licensee or its contractors under the terms

and conditions required by Licensee and the City but in no event less than the insurance requirements set forth herein. The insurance requirements herein are minimum requirements under this Encroachment Agreement and in no way limit the indemnity covenants required herein. The City of Cottonwood in no way warrants that the minimum limits contained herein are sufficient to protect the Licensee or Licensee's contractor(s) from liabilities that might arise out of this Agreement or the Licensee's use of the Encroachment Area for the Licensee, its agents, representatives, employees or contractors, and Licensee and Licensee's contractor(s) are free to purchase such additional insurance as may be determined necessary.

(a) Minimum Coverage Requirements. Licensee and Licensee's contractor(s) shall each provide coverage at least as broad and within limits of liability not less than those stated below:

(i)	Commercial General Liability, Each Occurance	\$1,000,000
(ii)	General Aggregate/Per Project	\$2,000,000
(iii)	Products-Completed Operations Aggregate	\$2,000,000
(iv)	Personal and Advertising Injury	\$1,000,000
(v)	Medical Expense (Any one person)	\$5,000
(vi)	Workers' Compensation & Employers' Liability	Per Statute

- (b) Policy Provisions. The insurance policies are to contain, or be endorsed to contain, the following provisions: (i) commercial general liability insurance shall include broad form contractual liability coverage; (ii) the insurance coverage shall be primary insurance with respect to the City, its officers, officials, agents and employees, who shall be named as additional insureds under the applicable policy(ies); (iii) the insurance shall apply separately to each insured against whom claim is made or suit is brought; (iv) coverage provided shall not be limited to the liability assumed under the indemnification provisions of this Agreement; (v) the policy shall contain a waiver of subrogation against the City, Licensee and their respective officers, officials, agents, and employees for losses arising from the operations, occupancy and use of the Encroachment Area and/or other actions of Licensee or Licensee's contractor(s).
- (c) Prior Notice and Certificate of Insurance Required. Each insurance policy required by the insurance provisions of this Agreement shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice has been sent to the City of Cottonwood Risk Management Department as set forth herein. Such notice shall be sent by certified mail, return receipt requested. Insurance is to be placed with insurers duly licensed or approved and

licensed companies in the State of Arizona and with a "Best's" rating of not less than A-:VII. The City of Cottonwood in no way warrants that the above required minimum insured rating is sufficient to protect the Licensee or Licensee's contractor(s) from potential insurer insolvency. Licensee's contractor(s) shall furnish the City of Cottonwood with certificates of insurance (ACORD form or equivalent approved by the City) and with original endorsements affecting coverage as required by this Agreement. The certificates and endorsements for each insurance policy are to be signed by a person authorized by the insurer to bind coverage on its behalf. Any policy endorsements that restrict or limit coverage shall be clearly noted on the certificate of insurance. All certificates and endorsements shall be received and approved by the City prior to issuance of this License. Each insurance policy required by this Agreement must be in effect at or prior to Licensee's use of the Encroachment Area and remain in effect for the duration of this Agreement. Failure of Licensee or Licensee's contractor(s) to maintain the insurance policies required by this Agreement or to provide evidence of renewal shall be grounds for immediate termination of this Agreement. All certificates of insurance required by this Agreement shall be sent directly to the City of Cottonwood at the address set forth herein. The City of Cottonwood reserves the right to require complete certified copies of valid insurance policies required by this Agreement at any time.

(d) Any modification or variation from the insurance requirements in this Agreement shall be approved by the Risk Management Department of the City of Cottonwood, whose decision shall be final.

5.4. Indemnification.

(a) Licensee agrees to and shall cause Licensee's contractor(s) to indemnify, defend, save and hold harmless the City of Cottonwood, its directors, officers, officials, agents, employees and volunteers (hereinafter referred to as "Indemnitees") from and against any and all claims, demands, actions, liabilities, damages, losses, or expenses, including court costs, attorneys' fees, and costs of claim processing, investigation and litigation (hereinafter collectively referred to as "Claims"), for personal injury (including death) or property damage caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Licensee, Licensee's contractor(s) or any of their respective directors, officers, agents, employees, volunteers or subcontractors of Licensee's contractor(s). This indemnity includes any Claim or amount arising or recovered under the Workers' Compensation Law or arising out of the failure of Licensee or Licensee's contractor(s) to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree and any Claims arising out of this Agreement or the exercise of the rights granted hereunder. It is the specific intention of the parties that the

Licensee and the City shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the City, be indemnified by Licensee's contractor(s) from and against any and all Claims. Licensee shall be responsible for Claims caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Licensee's officers, agents or employees. It is agreed that Licensee or Licensee's contractor(s), as applicable, will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable.

- 5.5 No Transfer of Privileges. The privileges granted to Licensee under this Agreement shall not be assigned, leased, sold or transferred either in whole or in part without the prior written consent of the City, which shall not be unreasonably withheld.
- 5.6 <u>Notice of Change of Address</u>. The Licensee shall notify the City at the address set forth herein within 30 days of any change in Licensee's mailing address, proposed lease, assignment, sale or transfer of the Site.
- 5.7 No Interest in Real Property. This Agreement shall not be deemed to be a franchise, an easement, a covenant running with the land, an interest in real property or a lease. This Agreement only allows the Licensed Use within the Encroachment Area for a finite period of time.
- Rights to Encroachment Area Revocable at Will. This Agreement is subject to revocation at any time in the discretion of the City Council or by the City Manager or Community Development Manager with ratification by the Council. Such discretion shall be controlled solely by consideration of the best interests of the City of Cottonwood, which may include but are not limited to violation or breach of any federal, state or City of Cottonwood law, ordinance, code, rule, regulation, court decree or any term or condition of this Agreement. Without limiting the generality of the foregoing, the failure of the Licensee to pay any annual fee or maintain any required insurance shall be grounds for immediate revocation of this Agreement.
- Sestoration of Encroachment Area. Upon revocation of this Agreement all signage, fencing or structures installed pursuant to this Agreement (collectively, the "Encroachments") shall be removed to the satisfaction of the Community Development Manager at no cost to City of Cottonwood within 10 calendar days. In the event that the Encroachments are not removed from the Licensed Area after written notice by the City, the City reserves the right to remove them and Licensee shall be responsible for and shall pay all costs related to the removal. If Licensee fails to pay the costs for the City's removal of the Encroachments within ninety (90) calendar days of written request for payment, Licensee hereby agrees that the City of Cottonwood may recover from Licensee all of the City's costs of

- removal of the Encroachments, including attorneys' fees and collection costs, as afforded by Arizona law.
- 5.10 No Recourse. The Licensee shall have no recourse whatsoever against the City of Cottonwood or its officials, boards, agents or employees for any loss, costs, expenses or damage arising out of any of the conditions or provisions of this Agreement or because of any defects in the City's title to the Encroachment Area, or should the Licensee in accordance with the terms hereof be lawfully deprived of the use of the Encroachment Area.
- 5.11 Rights Subject to Ordinances. As Amended. This Agreement and the rights conveyed to Licensee hereunder are subject to general ordinance provisions now in effect and as may be amended from time to time. Except as specifically provided herein, nothing in this Agreement shall be deemed to waive the requirement of the various codes and ordinances of the City of Cottonwood regarding Licensee's use of the Encroachment Area or any other property, or prerequisites for construction of improvements. This Agreement is subject to and the Licensee shall comply with any future ordinances that may be adopted by the City Council pertaining to the location and relocation of the Licensed Uses.
- 5.12 Cancellation for Conflict of Interest or Convenience of the City. The parties acknowledge that this License is subject to cancellation pursuant to the provisions of Arizona Revised Statutes Section 38-511. The City also reserves the right to cancel this Agreement at any time for any reason, in the public interest and at the convenience of the City.
- 5.13 Maintenance and Disturbance of Encroachment Area.
 - (a) The Licensee shall maintain the Encroachment Area in a manner satisfactory to the Community Development Manager. Failure to provide satisfactory maintenance can result in revocation of this Agreement pursuant to Section 5.8 of the General Conditions.
 - (b) Whenever the Licensee disturbs a public right-of-way, alley, public highway, street easement, or public utility easement for any reason as a result of construction or due to failure of any of its facilities or subsequent right-of-way restoration work, the Licensee shall restore the same to the satisfaction of the City of Cottonwood Community Development Manager and shall obtain all appropriate construction licenses, permits and approvals.
 - (c) The City of Cottonwood may in its own discretion remedy Licensee's failure to maintain the Encroachment Area or otherwise comply with the provisions of this License. The cost thereof, including the cost of inspection and supervision, shall be paid by the Licensee. If Licensee fails to pay the City's costs within ninety (90) calendar days of written request

for payment, Licensee hereby agrees that the City may seek to recover all of the City's costs, including attorneys' fees and all costs of collection, as afforded by Arizona law. All activities in, on and around the Encroachment Area, the Right-of-Way Property and other public rights-of-way by the Licensee, its agents and contractors shall be undertaken in a safe manner, and in accordance with all Directives of the City's Community Development Manager.

- (d) Maintenance contracts for the Encroachment Area, if any, with another party shall be filed with the Community Development Department.

 Licensee or its maintenance contractor shall obtain insurance and Workers' Compensation insurance as provided herein and perform work in a satisfactory manner and according to plans approved by the City of Cottonwood Community Development Department.
- (e) The City of Cottonwood shall not assume any maintenance responsibility for maintenance of the Encroachment Area.
- (f) The City of Cottonwood shall retain the right of access to the Encroachment Area at all reasonable times for inspection, for maintenance or for repairs.
- Emergency Work by Licensee. Emergency work by Licensee in and around the Encroachment Area and the City Property shall be properly barricaded in a manner approved by the Community Development Manager. Barricading shall be followed immediately by contacting all affected utility companies and the Community Development Department. Licensee shall also obtain a construction license from the City of Cottonwood Development Services Department before Licensee, its contractors or agents restore the Encroachment Area or the Right-of-Way Property to original conditions as approved by the City of Cottonwood. Licensee shall follow emergency procedures set forth by Community Development Department.
- 5.15 <u>User Conflicts</u>. Nothing in the License shall be construed to prevent the City of Cottonwood or its Licensees from constructing facilities, grading, paving, and/or altering any facilities, street, alley, or constructing any other public work or private facility licensed by the City of Cottonwood elsewhere on the Right-of-Way Property or in other adjoining public rights-of-way.
- 5.16 Entire Agreement; Amendment: Waivers. This Agreement constitutes the entire agreement between the City of Cottonwood and Licensee with respect to the transactions contemplated herein and supersedes all prior negotiations, communications, discussions and correspondence, whether written or oral, concerning this subject matter. No supplement, modification, or amendment of any term of this Agreement shall be deemed binding or effective unless executed in writing by all the parties. No waiver of any of the provisions of this Agreement

shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

- 5.17 Rights of Parties. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies on any persons other than the parties to this Agreement and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge any obligation or liability of any person who is not a party to this Agreement, nor shall any provision hereof give any persons not a party to this Agreement any right of subrogation or action over or against any party to this Agreement.
- 5.18 <u>Construction</u>. This Agreement is the result of negotiations between the parties, none of whom has acted under any duress or compulsion, whether legal, economic or otherwise. Accordingly, the terms and provisions of this Agreement shall be construed in accordance with their usual and customary meanings. The parties hereby waive the application of any rule of law that otherwise would be applicable in connection with the construction of this Agreement that ambiguous or conflicting terms or provisions should be construed against the party who (or whose attorney) prepared the executed Agreement or any earlier draft of the same. Unless the context of the Agreement otherwise clearly requires. references to the plural include the singular and the singular the plural. The words "hereof", "herein", "hereunder" and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. All references to "Sections" herein shall refer to the sections and paragraphs of this Agreement unless specifically stated otherwise. The section and other headings contained in this Agreement are inserted for convenience of reference only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation of this Agreement. All references to "days" herein shall mean calendar days unless specifically noted otherwise.
- 5.19 <u>Severability</u>. If any covenant, condition, term or provision of this Agreement is held to be illegal, or if the application thereof to any person or in any circumstances shall to any extent be judicially determined to be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, condition, term or provision to persons or in circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each covenant, term and condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- 5.20 <u>Governing Law.</u> This Agreement, and the rights and obligations of the parties hereunder, shall be governed by, and construed and interpreted in accordance with, the internal substantive laws of the State of Arizona and the City of Cottonwood.

- 5.21 Cooperation and Further Documentation. Licensee agrees to provide the City of Cottonwood such other duly executed documents as shall be reasonably requested by the City of Cottonwood to implement the intent of this Agreement.
- 5.22 Survival of Representations and Warranties. All representations and warranties made in this Agreement by Licensee shall survive the execution and delivery of this Agreement.
- 5.23 <u>Exhibits</u>. All exhibits attached to this Agreement are by this reference incorporated into and made a part of this Agreement.
- Notices. All notices, requests, demands, other communications, certificates of insurance or payments under this Agreement shall be in writing and shall be deemed to have been duly given and received (i) on the date of service if personally delivered on the party to whom notice is to be given (ii) on the third day after the date of the postmark of deposit if mailed to the party to whom notice is to given, by first-class United States Mail, registered or certified, postage prepaid and properly addressed as follows; or (iii) on the second day after deposit with a nationally recognized private express courier service providing proof of receipt and delivery and guaranteed "same day" or "next day" delivery and properly address as follows:

If to City of Cottonwood: City Manager

City of Cottonwood 827 North Main Street Cottonwood, AZ 86326

If to Licensee: John Haupt

LaMain 919, LLC 10008 E. South Bend

Dr

Scottsdale, AZ 85255

5.25 <u>Conflict Among Provisions.</u> In the event of any inconsistency or conflict among the Cottonwood City Charter and City Code, City of Cottonwood Ordinances or Resolutions, General Conditions of this Agreement or Special Conditions of this Agreement, the terms and conditions as set forth in the following priority shall prevail and control (1) City of Cottonwood Charter and Code; (2) City of Cottonwood Ordinances or Resolutions; (3) the General Conditions of this Agreement; and (4) the Special Conditions of this Agreement



Haupt 15-0508CS Page 1 of 3 Alley

LEGAL DESCRIPTION DECK EASEMENT

A portion of the alley in Block 2 per the Willard Addition to the Town Cottonwood as recorded in Book 2 of Maps and Plats, Page 42, Yavapai County, Arizona, also being the alley between present day Main Street and Cactus Street, located in the Southeast 1/4 of Section 28, Township 16 North, Range 3 East, of the Gila and Salt River Meridian, Yavapai County, City of Cottonwood, Arizona, being a strip of land 3 feet wide, more particularly described as follows:

Commencing at the southwest corner of Lot 9, Block 1 of said Willard Addition, being common with the southwest corner of a parcel as described in Instrument 2014-0044236, Yavapai County, Arizona, monumented by a 1/2" rebar with brass tag stamped "CORNERSTONE LS 32224" as shown on Results of Survey recorded in Instrument 2015-0028608 and Results of Survey recorded in Book 145 of Land Surveys, Page 55;

Thence, North 00°40'21" East, along the west line of said parcel and the east line of said alley, a distance of 2.42 feet, to the **True Point of Beginning**;

Thence, North 89°19'39" West a distance of 3.32 feet to a point;

Thence, North 00°40'21" East, parallel to the west line of said parcel and the east line of said alley, a distance of 19.67 feet to a point;

Thence, South 89°19'39" East a distance of 3.00 feet to a point on the west line of said parcel and the east line of said alley;

Thence, South 00°40'21" West, along the east line of said parcel and the west line of said alley, a distance of 19.67 feet, to the **True Point of Beginning** and containing 67 square feet more or less and being subject to any easements or encumbrances of record.





06/30/2019

Haupt 15-0508CS Page 2 of 3 Alley

The description hereon was prepared by SEC Inc. on August 15, 2016, at the request of Michelle Haupt for the purpose of describing a Deck Easement in Yavapai County, Arizona. The authorized user is Michelle Haupt.

Unauthorized use is strictly prohibited.

SEC Inc. and the registrant cited below will not be responsible for errors committed by others if this description is not reproduced in its entirety exactly as written above including this disclaimer. No liability is accepted for misuse or assumptions made by unauthorized users.

The description above is graphically depicted in Exhibit A-1 attached hereto and made a part hereof without which this document is to be considered incomplete.

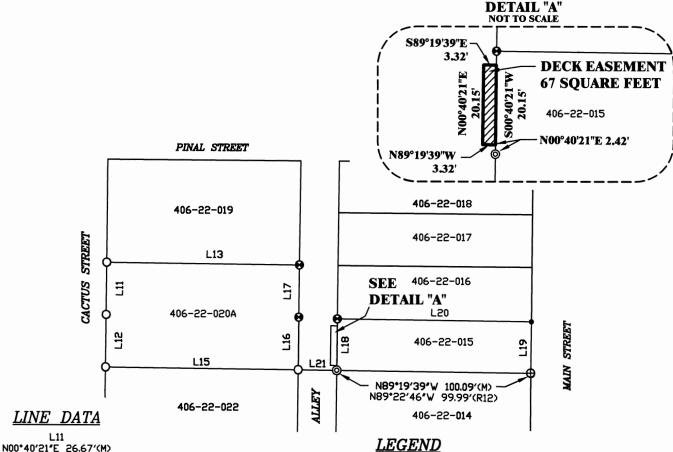
The author of this description is Mark J. Farr RLS 40829.



EXPIRES ON 06/30/2019

EXHIBIT "A-1" - DECK EASEMENT

WILLARD ADDITION AS RECORDED IN BOOK 2 OF MAPS AND PLATS, PAGE 42 A PORTION OF SECTION 28, T.16N., R.3E., G. & S.R.M., YAVAPAI COUNTY, ARIZONA, CITY OF COTTONWOOD



26.67'(R3) L12

N00°40'21"E 26.67'(M) 26.67'(R3)

L13

S89*19'39'E 100.00'(M) 100'(R3)

L14

DELETED INTENTIONALLY

L15 S89°19'39"E 100.00'(M)

100'(R3)

L16

N00°40'21"E 26.67'(M)

26.67'(R3)

L17

N00°40'21"E 26.67'(M) 26.67'(R3)

L18

N00°40'21"E 26.10'(M)

26.67'(R3)

26.10'(R12)

L19

S00°40'21"W 26.10'(C) 26.67'(R3) 26.10'(R12)

L20

N89°19'39"W 100.09'(C) 100'(R3)

N89°22'46"W 99.98'(R12)

L21

N89*19'39"W 20.00'(M)

20'(R3)



06 - 30 - 2019

EXPIRES

SEE INSTRUMENT 2015-0028608 FOR FULL BOUNDARY INFORMATION.

(C) = INDICATES CALCULATED DIMENSIONS

(M) = INDICATES MEASURED DIMENSIONS

(R3) = INDICATES RECORD DIMENSIONS PER BOOK 2 OF MAPS & PLATS, PAGE 42 (WILLARD ADDITION)

(R12) = INDICATES RECORD DIMENSIONS PER BOOK 145 OF LAND SURVEYS, PAGE 55

INDICATES CALCULATED LOCATION, NOTHING FOUND OR SET

INDICATES FOUND CONCRETE NAIL AND BRASS TAG STAMPED 'SEC INC RLS 40829'

INDICATES SET 5/8' REBAR AND CAP STAMPED 'SEC INC LS 40829'

INDICATES FOUND MAG NAIL WITH BRASS TAG STAMPED 'CORNERSTONE LS 32224'

INDICATES FOUND 1/2' REBAR WITH BRASS TAG STAMPED 'CORNERSTONE LS 32224'

HAUPT**EXHIBIT** SECTION 28 T.16N., R.3E. DATE DRAWN SHEET 1 OF 1 825 COVE PARKWAY, SUITE A 08/15/16 B.L.S. COTTONWOOD, ARIZONA 86326 SCALE CHECKED (928) 634-5889 NONE M.J.F. www.sec-landrngt.com



Haupt 15-0508CS Page 1 of 3 Main Street

LEGAL DESCRIPTION DECK EASEMENT

A portion of Main Street per the Willard Addition to the Town Cottonwood as recorded in Book 2 of Maps and Plats, Page 42, Yavapai County, Arizona, located in the Southeast 1/4 of Section 28, Township 16 North, Range 3 East, of the Gila and Salt River Meridian, Yavapai County, City of Cottonwood, Arizona, being a strip of land 5 feet wide, more particularly described as follows:

Commencing at the southeast corner of Lot 9, Block 1 of said Willard Addition, being common with the southeast corner of a parcel as described in Instrument 2014-0044236, Yavapai County, Arizona, monumented by a mag nail with brass tag stamped "CORNERSTONE LS 32224" as shown on Results of Survey recorded in Instrument 2015-0028608 and Results of Survey recorded in Book 145 of Land Surveys, Page 55;

Thence, North 00°40'21" East, along the east line of said parcel and the west line of said Main Street, a distance of 2.73 feet, to the **True Point of Beginning**;

Thence, continuing, North 00°40'21" East, along the east line of said parcel and the west line of said Main Street, a distance of 20.17 feet to a point;

Thence, South 89°19'39" East a distance of 5.14 feet to a point;

Thence, South 00°40'21" West, parallel to the east line of said parcel and the west line of said Main Street, a distance of 20.17 feet to a point;

Thence, North 89°19'39" West a distance of 5.14 feet, to the True Point of Beginning and containing 104 square feet more or less and being subject to any easements or encumbrances of record.



Haupt 15-0508CS Page 2 of 3 Main Street

The description hereon was prepared by SEC Inc. on August 15, 2016, at the request of Michelle Haupt for the purpose of describing a Deck Easement in Yavapai County, Arizona. The authorized user is Michelle Haupt.

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SEC Inc. and the registrant cited below will not be responsible for errors committed by others if this description is not reproduced in its entirety exactly as written above including this disclaimer. No liability is accepted for misuse or assumptions made by unauthorized users.

The description above is graphically depicted in Exhibit A attached hereto and made a part hereof without which this document is to be considered incomplete.

The author of this description is Mark J. Farr RLS 40829.

40829
MARK J.
FARR

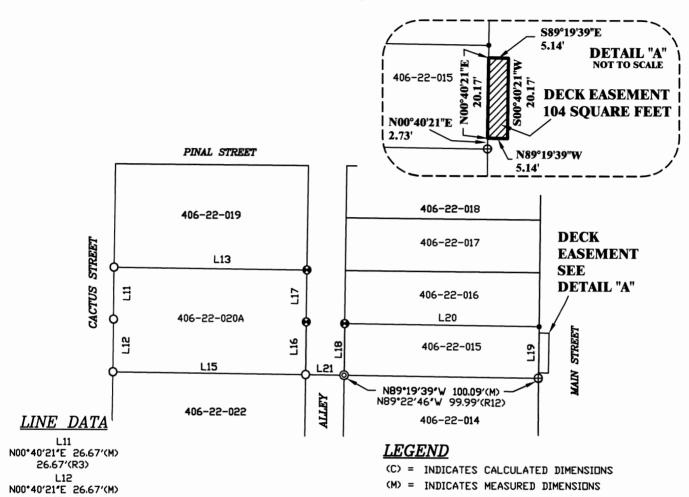
Signed 8-15

ARIZONAUS.

EXPIRES ON 06/30/2019

EXHIBIT "A" - DECK EASEMENT MAIN STREET

WILLARD ADDITION AS RECORDED IN BOOK 2 OF MAPS AND PLATS, PAGE 42 A PORTION OF SECTION 28, T.16N., R.3E., G. & S.R.M., YAVAPAI COUNTY, ARIZONA, CITY OF COTTONWOOD



26.67'(R3)

L13

S89*19'39"E 100.00'(M) 100'(R3)

L14

DELETED INTENTIONALLY L15

S89°19'39"E 100.00'(M)

100'(R3) L16

N00°40'21"E 26.67'(M)

26.67'(R3) L17

N00°40'21"E 26.67'(M)

26.67'(R3)

L18

N00°40'21'E 26.10'(M) 26.67'(R3)

26.10'(R12)

S00°40'21"W 26.10'(C) 26.67'(R3)

26.10'(R12)

L20

N89°19'39"W 100.09'(C) 100'(R3)

N89°22'46"W 99.98'(R12) L21

N89°19'39"W 20.00'(M) 20'(R3)



06 - 30 - 2019

EXPIRES

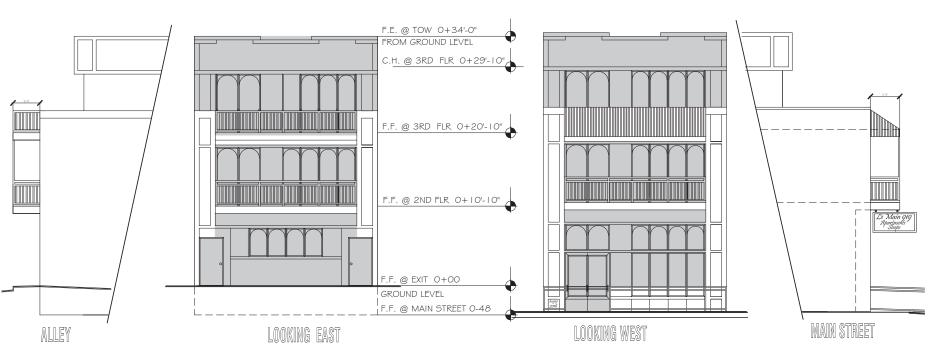
SEE INSTRUMENT 2015-0028608 FOR FULL BOUNDARY INFORMATION.

(R3) = INDICATES RECORD DIMENSIONS PER BOOK 2 OF MAPS & PLATS, PAGE 42 (WILLARD ADDITION)

(R12) = INDICATES RECORD DIMENSIONS PER BOOK 145 OF LAND SURVEYS, PAGE 55

- INDICATES CALCULATED LOCATION, NOTHING FOUND OR SET
- O INDICATES FOUND CONCRETE NAIL AND BRASS TAG STAMPED 'SEC INC RLS 40829*
- ❸ INDICATES SET 5/8' REBAR AND CAP STAMPED 'SEC INC LS 40829'
- INDICATES FOUND MAG NAIL WITH BRASS TAG STAMPED "CORNERSTONE LS 32224"
- INDICATES FOUND 1/2' REBAR WITH BRASS TAG STAMPED 'CORNERSTONE LS 32224'

HAUPT**EXHIBIT** SECTION 28 T.16N., R.3E. DATE DRAWN PAGE 3 OF 3 08/15/16 825 COVE PARKWAY, SUITE A B.L.S. COTTONWOOD, ARIZONA 86326 15-0508CS Haupt Old Town ROS-TOPO (928) 634-5889 www.sec-landmgt.com SCALE NONE CHECKED M.J.F.

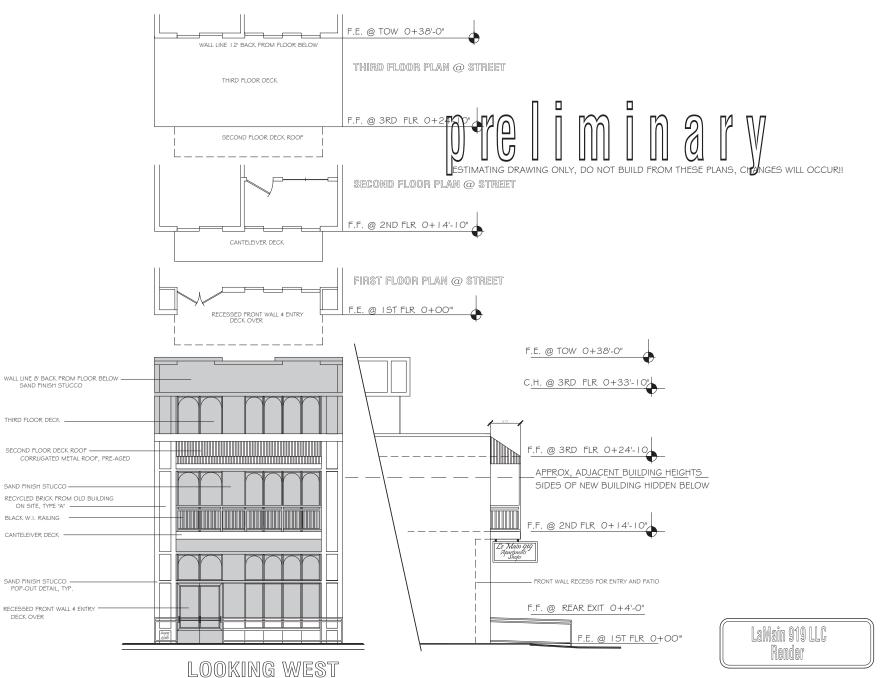


ESTIMATING DRAWING ONLY, DO NOT BUILD FROM THESE PLANS, CHANGES WILL OCCUR!!

LEMAIN 919 MIXED USE BUILDINGS
JOHN Val Haupt, Michelle Haupt
MAIN STREET and CACTUS
COTTONWOOD, AZ

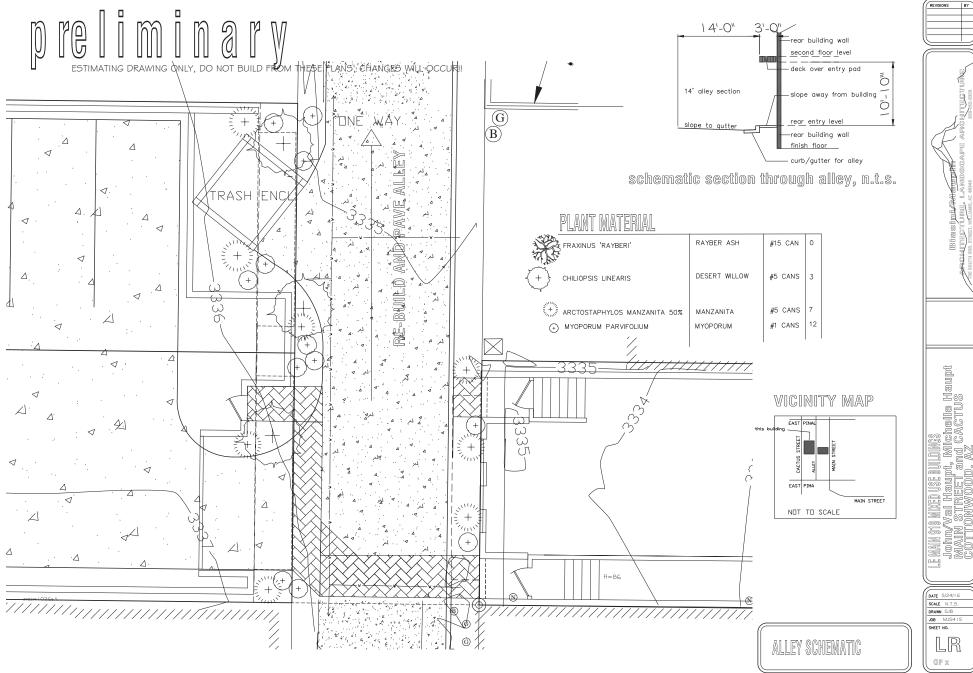
A1.1

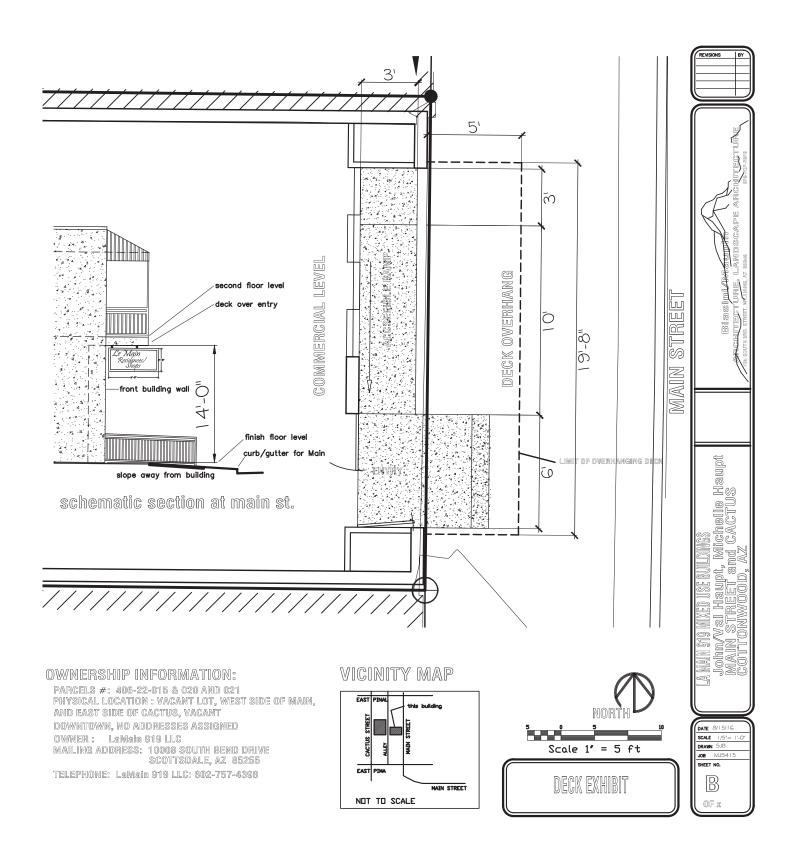
LaMain 919 LLC Elevations

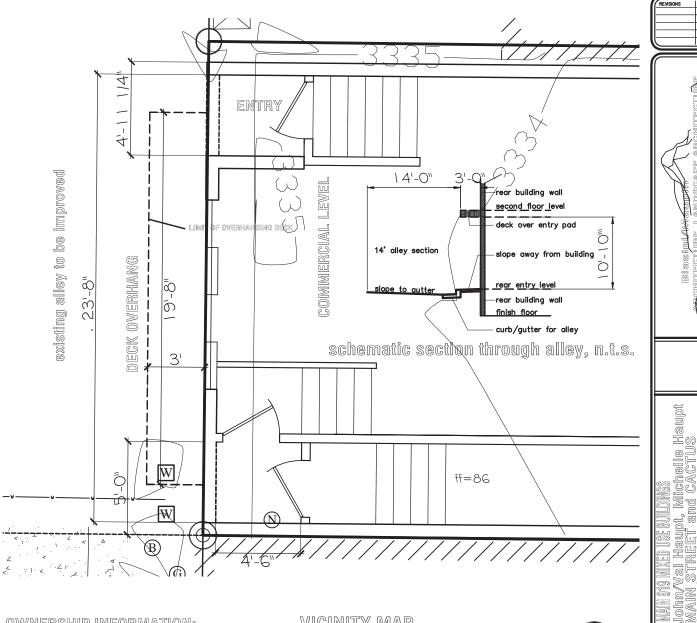


MANN STREET AND CACTUS COLLONAY AZER AND COLLONAYOR MAIN STREET AND CACTUS COLLONAYOOD, AZ

DATE 5/8/16 SCALE 1/4"- 1"-DRAWN SJB JOB MJS415 SHEET NO. A1.3







OWNERSHIP INFORMATION:

PARCELS #: 406-22-015 & 020 AND 021 PHYSICAL LOGATION: VACANT LOT, WEST SIDE OF MAIN,

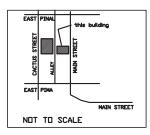
AND EAST SIDE OF CACTUS, VACANT DOWNTOWN, NO ADDRESSES ASSIGNED

OWNER: LaMain 919 LLC

MAILING ADDRESS: 10008 SOUTH BEND DRIVE SCOTTSDALE, AZ 85255

TELEPHONE: LaMain 919 LLC: 602-757-4398

VICINITY MAP







City of Cottonwood, Arizona
City Council Agenda Communication



Print

Meeting Date: September 20, 2016

Subject: Recommendations for Awarding the Building Community

Grants

Department: Administrative Services

From: Jesus R. Rodriguez, Administrative Services General Manager

REQUESTED ACTION

Staff & committee recommendation is to award \$10,607 to MATFORCE for their program and the remaining amount of \$4,393 to Angie's House, Inc. for their program.

SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is:

I move to approve the staff and committee recommendation to award Building Community Grants in the amounts of \$10,607.00 to MATFORCE and \$4,393.00 to Angie's House, Inc.

BACKGROUND

The City received four grant applications for the Building Community Grants (BCG) program. This annual grant provides up to \$15,000 to local 501.c.3 non-profits for one-time types of programs or projects. The four applicants were:

- 1. Steps to Recovery;
- 2. MATFORCE;
- 3. Adopt A Vet, Inc.; and
- 4. Angie's House, Inc.

The BCG committee met several times to discuss the applications, the fit within the program parameters and their merit. Following this process, the committee's recommendation is to award MATFORCE their full request of \$10,607.00 and to award the remaining amount of \$4,393.00 to Angie's House, Inc.

A couple of suggestions did come up during the meetings with the BCG committee, as follows:

- 1. Improve the marketing of the program to get more applicants.
- 2. Develop a template for future applicants to follow.
- 3. Have a pre-bid meeting to discuss the program requirements.
- 4. Begin the solicitation process earlier and provide extra time for submission of applications.

These items will be worked on throughout the year.

JUSTIFICATION/BENEFITS/ISSUES

The committee agreed to follow the current policy of not funding applicants back to back. It also did not accept late submissions. Steps to Recovery Homes was funded last year and the Adopt a Vet application was submitted late.

After careful review, the committee agreed that the MATFORCE application was the best program-driven submission. Accordingly, the Committee agreed to recommend fully funding the MATFORCE proposal, and to recommend that Angie's House receive the balance of the \$15,000.00 budgeted for this program.

Under current program guidelines, Adopt A Vet, Inc. will be able to apply next funding year, and Steps to Recovery will need to wait two years before consideration.

COST/FUNDING SOURCE

General Fund

ATTACHMENTS:				
Name:	Description:	Type:		
<u>MATFORCE.pdf</u>	MATFORCE	Backup Material		
Angies_House.pdf	Angie's House	Backup Material		
Adopt A Vet - SUBMITTED LATE.pdf	Adopt a Vet	Backup Material		
☐ Steps_to_Recovery.pdf	Steps to Recovery Homes	Backup Material		

CITY OF COTTONWOOD

BUILDING COMMUNITY GRANT PROGRAM

GRANT APPLICATION

Attn: Jeff Cook
Purchasing Agent
816 North Main Street
Cottonwood, AZ 86326

March 17, 2016

Submitted by:

MATFORCE 8056 E. Valley Rd., Ste. B Prescott Valley, AZ 86314 P: (928) 708-0100 F: (928) 708-0553

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Letter of Introduction

March 17, 2016

Mr. Jeff Cook 816 N Main Street Cottonwood, AZ 86322

Dear Mr. Cook,

Thank you for the opportunity to apply for funding through the City of Cottonwood Building Community Grant application. This proposal outlines the advantages provided to Cottonwood through an investment in MATFORCE.

MATFORCE was formed in 2006 to address the methamphetamine problem in Yavapai County. At this time, 68% of the felony arrests filed in Yavapai County had a link to methamphetamine use. A small group of civic and community leaders, concerned citizens and law enforcement came together to find solutions to the problem. Multiple strategies were developed and implemented including putting ephedrine behind the pharmacy counter, Faces of Meth awareness campaign, MATFORCE Speakers Bureau and stricter penalties for the sale of meth. The implementation of these strategies resulted in significant decreases in meth use in the County. In 2007, MATFORCE increased its focus to address all legal and illegal substances as well as underage and problematic drinking.

The mission statement of MATFORCE is "With determination and integrity, we, the citizens of Yavapai County, commit to working in partnership to build healthier communities by striving to eliminate substance abuse and its effects." For the past 10 years MATFORCE has been implementing strategies to meet this mission. Currently MATFORCE has 12 separate committees with 260 volunteers implementing projects county-wide.

In 2010 MATFORCE became a separate 501 c 3 nonprofit organization. MATFORCE has a twelve member Board of Directors and four staff members. Board members of MATFORCE include Yavapai County Attorney Sheila Polk, Cottonwood City Manager Doug Bartosh, Dr. Leon Cattolico, Superintendent of the Mingus Union High School Dr. Paul Tighe, Juvenile Services Director Scott Mabery, Chief of Adult Probation John Morris, CEO of West Yavapai Guidance Clinic Larry Green, Prescott Chief of Police Jerald Monahan, Interventionist Pat Moomey, Assistant Director of Yavapai County Health Services Leslie Horton, Cottonwood Fire Captain Troy Hoke and Community Member Billie Grobe.

Community members and organizations of Cottonwood have been an integral part of MATFORCE since its inception. MATFORCE provides substance abuse education to schools in Cottonwood. The Cottonwood City Government, Cottonwood Police Department, Verde Valley Medical Center, Spectrum Health Care, Catholic Charities, Buena Vista Children's Services, Cottonwood Oak Creek Unified School District, Mingus Union High School, Steps to Recovery, Yavapai County Community Health Services, Department of Child Safety and many other organizations from Cottonwood have been essential partners of MATFORCE.

If you require additional information for this proposal, please contact me at 928 300 7129.

Sincerely,

Merilee K Fowler, Executive Director

8056 E. Valley Rd., Ste. B ~ Prescott Valley, AZ 86314 (928) 708-0100 matforce@cableone.net matforce.org

CITYOFCOTTONWOOD

BUILDING COMMUNITY GRANT APPLICATION COVER SHEET FISCAL YEAR 2017 NOTE: APPLICANTS MUST COMPLETE THIS COVER SHEET AND ATTACH THE GRANT PROPOSAL IN THE FORMAT DESCRIBED HEREIN.

Legal Name and Address of Applicant(s):	
MATFORCE, the Yavapai County Substance Abuse Coalition	
8056 E. Valley Road, Suite B	
Prescott Valley, AZ 86314	
Business Registration Number:	·
Type of Organization of Applicant: (check one) Private □	Non-Profit ☑

Other (briefly explain legal structure of the organization)

MATFORCE is a 501©3 nonprofit organization with a twelve member Board of Directors and four staff members. Board members of MATFORCE include Yavapai County Attorney Sheila Polk, Cottonwood City Manager Doug Bartosh, Dr. Leon Cattolico, Superintendent of the Mingus Union High School Dr. Paul Tighe, Juvenile Services Director Scott Mabery, Chief of Adult Probation John Morris, CEO of West Yavapai Guidance Clinic Larry Green, Prescott Chief of Police Jerald Monahan, Interventionist Pat Moomey, Assistant Director of Yavapai County Health Services Leslie Horton, Cottonwood Fire Captain Troy Hoke and Community Member Billie Grobe.

Describe the function or purpose of the applicant organization.

The mission statement of MATFORCE is, "With determination and integrity, we, the citizens of Yavapai County, commit to working in partnership to build healthier communities by striving to eliminate substance abuse and its effects." For the past 10 years MATFORCE has been implementing strategies to meet this mission. MATFORCE has 12 separate committees with 260 volunteers implementing projects county-wide.

Contact person information:

Name	Merilee Fowler
Title	Executive Director
Address	8056 E. Valley Rd., Ste. B
	Prescott Valley, AZ 86314
Phone	(928) 708-0100
Email	mfowler@matforceaz.org

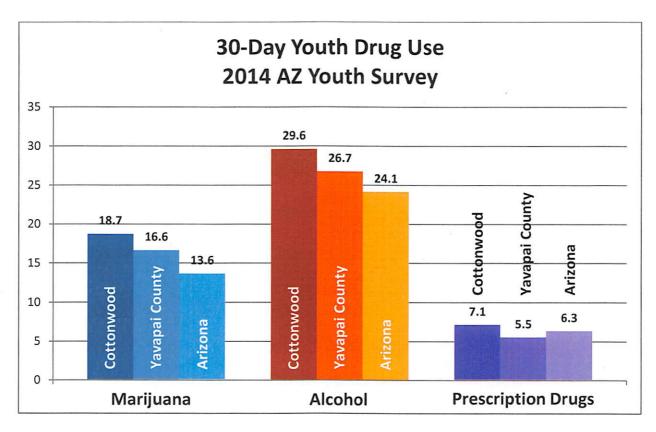
Proposal Format:

Narrative proposals shall be attached to this application sheet following the format described below.

- A Letter of Introduction. Introduce the applicant organization(s), briefly describing the mission and history in the community of the organization. (maximum 1 page)
- © Community Need. Describe and document the community need that you have identified to meet with this grant application proposal. (maximum 3 pages)
- Grant Proposal. Provide a detailed narrative description of the service, project, or program that you are proposing to meet this community need. At minimum, address the following questions in the proposal: (maximum 5 pages)
 - o Amount of grant request.
 - o Ability to meet the stated need through the design of the service, project, or program.
 - o Why is this grant necessary or an appropriate source of revenue to meet this need?
 - o Ability of the organization to complete the program as designed.
 - o Project timeline.
 - o Project budget.
- Expected Outcomes. If awarded the grant, describe the expected outcomes of the program, and how those outcomes will be measured. (maximum 1 page)
- Project Team. Identify the people involved in the program, their role within the program, and their time allocation to the program. (maximum 1 page)
- Addendum. Attach an addendum to the proposal to include the following:
 - o If incorporated, Articles of Incorporation. Operating by-laws.
 - o Current budget for the organization.
 - o Most recent end of year financial statement for the organization.
 - o Any other information about the organization you would want to include.

Community Need

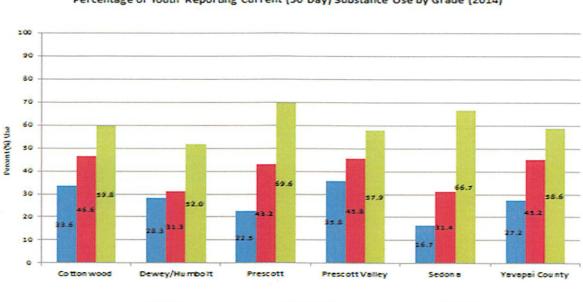
According to the 2014 Arizona Youth Survey (AYS), Cottonwood youth are above county and state averages for 30-day use of alcohol, marijuana, and prescription drugs. Substance abuse prevention education is essential for youth, parents and families in Cottonwood.



The Arizona Criminal Justice Commission administers a youth survey with 8th, 10th and 12th grade students in Arizona every even numbered year. The survey asks a variety of questions on youth substance abuse, risk and protective factors, and related behaviors. Mingus Union High School and Cottonwood Middle School participate in the survey every year.

Use of alcohol and marijuana by youth living in Cottonwood is increasing significantly, at rates higher than the county and state averages. Regular use of alcohol by youth living in Cottonwood increased from 2012 to 2014 while regular use of alcohol for students in Yavapai County decreased during this same time period. Regular use of marijuana by youth in Cottonwood increased 50% from 2012 to 2014. Thirty day use of marijuana is significantly higher in Cottonwood than county and state averages.

Females in Cottonwood are abusing substances at rates higher than males. 46.4% of the females surveyed admitted to using substances with 44.2% of males reporting use. Another disturbing statistic is that youth use of substances for 8th grade students in Cottonwood is significantly above youth use averages for 8th grade students living in Yavapai County. 33.6% of 8th grade students living in Cottonwood who were surveyed reported substance use compared to 27.2% of 8th grade students in Yavapai County.



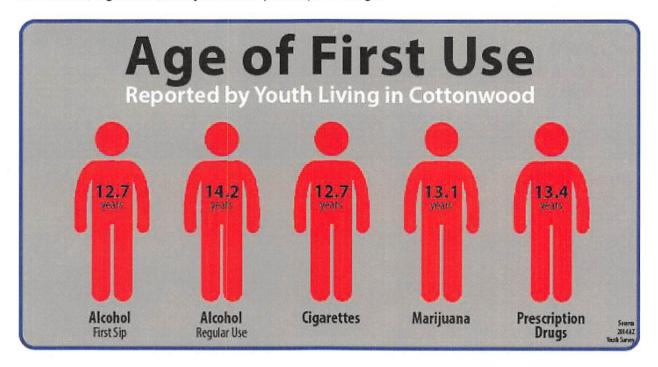
Percentage of Youth Reporting Current (30 Day) Substance Use by Grade (2014)

Youth substance use results in increases in delinquent behaviors. Youth in Cottonwood report higher than average delinquent behaviors. 25.9% of the youth in Cottonwood reported that they had been a passenger in a car with a drunk driver. 8.2% of the youth surveyed, reported that they themselves had drove drunk. 13.3% of the youth in Cottonwood reported that they had attended school drunk or high, a 27.07% increase from 2012. A very disturbing statistic is that 7.8% of the youth surveyed reported that they had sold drugs.

12th Grade

Several factors contribute to increases in youth use. Prevention science proves that the following factors relate to youth use: perception of risk, supply, ease of access and social norming. An alarming statistic in the 2014 Arizona Youth Survey is the perception of harm related to marijuana. 69.1% of the youth surveyed living in the Verde Valley and who use marijuana reported no risk associated with marijuana use. 40.7% of the youth surveyed who do not use marijuana reported no risk. 50.4% of the youth living in the Verde Valley who use substances report ease of access with 21.9% of youth you did not report using drugs.

The age of initiation or first use of a drug also factors into youth use and addiction rates. It is the goal of MATFORCE to prevent youth from using substances but it is also a goal to increase the age of initiation. Below is a chart showing the age of first use for youth living in Cottonwood for alcohol, cigarettes, marijuana and prescription drugs:



Grant Proposal:

Provide a detailed narrative description of the service, project, or program that you are proposing to meet this community need. At minimum, address the following questions in the proposal

MATFORCE is requesting funding to continue and expand substance abuse education for kindergarten through 12th grade students in Cottonwood schools. Evidenced based and evidenced informed curriculums will be utilized. The substance abuse education will be provided by the MATFORCE Health Educator and school staff.

To specifically address underage drinking, two evidenced based curriculums will be implemented in Cottonwood schools. We will continue to implement AlcoholEdu ® for High School with all 9th grade students at Mingus Union High School. This online, interactive, alcohol education and prevention course is designed to be used by schools and can easily be presented using our school partners: teachers, counselors, coaches, administrative staff or school nurses.

Additionally, MATFORCE will furnish Alcohol: True Stories hosted by Matt Damon ® to Cottonwood Middle School and Mingus High School. This evidenced based curriculum is a multimedia intervention designed to prevent or reduce alcohol use among young people in grades 5-12 by positively changing the attitudes of youth and their parents and other caregivers in regard to youth drinking. The product is designed for ease of use and includes a teaching guide, so that any teacher, a counselor or school nurse can implement the program.

To address marijuana, alcohol and prescription drug use with elementary students, the evidenced based curriculum, Keep A Clear Mind ® will be implemented. Keep A Clear Mind is a parent-child, take-home program in drug education. It has been field-tested and rigorously evaluated with students in grades 4, 5, & 6. Keep A Clear Mind has won the Center for Substance Abuse Prevention's (CSAP) Exemplary Program Award, has been promoted as a Model Program by CSAP, the Substance Abuse and Mental Health Services Administration, and the Office of Juvenile Justice and Delinquency Prevention. Keep A Clear Mind is listed on the National Registry of Evidence-Based Programs and Practices. To enhance the implementation of this curriculum, high school students will be trained on Keep a Clear Mind ®. These trained students will assist with the delivery of the curriculum in elementary schools in the high risk areas.

To provide education for kindergarten through third grade students and to enhance youth engagement activities MATFORCE will utilize a curriculum titled "Stand with Me and Be Drug Free" ®. To implement this curriculum peer leaders from middle school and high school will be trained to deliver the curriculums to elementary school children. This will create youth led prevention activities. According to NIDA's Prevention Principles risk factors within the family have the greatest impact on younger children. The Stand with Me and Be Drug Free ® campaign focuses on educating families of young children about the risks of drug use resulting in decreasing parental attitudes favorable to drug use. The curriculum educates parents on the importance of good role modeling, talking to their kids early and parental monitoring. The program will draw upon information and materials from evidenced-based and research-based programs.

To address marijuana for middle school and high school students the Scholastic curriculum Heads Up ® will be utilized. This curriculum is endorsed by the National Institute for Drug

Abuse (NIDA) and has 6 parent/student activities addressing marijuana. The curriculum is evidenced informed, and was developed with the assistance of scientists from NIDA. The curriculum covers the science of marijuana, effects on the brain, and stories from people addicted to marijuana. MATFORCE has also developed an on-line curriculum for 6th grade students titled "Marijuana: What do you Know?" ®. This curriculum will be implemented with 6th grade students in the target service area and was developed using information from NIDA.

Amount of Grant Request: MATFORCE is requesting \$10,607 from the City of Cottonwood. The funds will be utilized to pay the MATFORCE Education Coordinator for time spent in Cottonwood schools and the supplies necessary to implement the curriculums.

Ability to meet the stated need through the design of the service, project, or program:

MATFORCE has a track record of successfully implementing strategies to effectively achieve set goals and objectives. MATFORCE has received multiple national, state and local awards for its work and outcomes achieved in reducing substance abuse. MATFORCE was awarded the 2013 Got Outcomes Coalition of the Year Award for the nation from the Community Anti-Drug Coalitions of America (CADCA) and a 2015 Exemplary Award from the National Association of the State Alcohol and Drug Abuse Directors. These awards were granted based on strategies implemented and the statistical outcomes realized in addressing alcohol and/or prescription drug use. From 2006 to 2014 youth prescription drug abuse decreased 55% and underage drinking decreased 35% in Yavapai County. (2006 – 2014 AYS)

Each year, coalition members and community partners work together to implement multiple individual and environmental projects. Projects of MATFORCE range from providing information to changing policies. MATFORCE has members and partners from multiple sectors of the community including law enforcement, government, the faith based community, treatment and recovery, schools, youth serving agencies, medical community, civic organizations, parent organizations and media. Current committees of MATFORCE include the Prescott Area Steering Committee, Verde Valley Steering Committee, Greater Sedona Substance Abuse Committee, Yavapai Reentry Project Steering Committee, Underage Drinking Task Force, Intervention Workgroup, Neonatal Abstinence Syndrome Workgroup, MATFORCE Pharmacy Team, Heroin Strategy Core Group, Finance Committee and the Yavapai County Youth Coalition.

Why is this grant necessary or an appropriate source of revenue to meet this need?

MATFORCE will use the funds to pay a portion of the Education Coordinator's salary and to purchase the substance abuse curricula materials. In the past year MATFORCE utilized funding from the Partnership for Success (PFS) grant funds to provide substance abuse education in Cottonwood. This funding ends on September 30, 2016. MATFORCE also experienced a 40% cut in funding from Health Choices Integrated Care. These two funding cuts will not allow MATFORCE to continue substance abuse education at the current levels without finding alternative sources of revenue.

Continuing and expanding the evidenced based substance abuse education in Cottonwood schools will result in a decrease in youth use of alcohol, marijuana and prescription drugs. Providing scientific education on the true harms and risks of these substances will increase youth perception of risk.

Ability of the organization to complete the program as designed:

Several people are trained to implement the evidenced based curriculums. MATFORCE works with law enforcement officers, medical professionals, school teachers, school counselors and MATFORCE Speakers Bureau members to increase the capacity to implement these curriculums in the schools.

In the past year MATFORCE provided parenting education to 256 parents, substance abuse education to over 7,859 students and the MATFORCE Speakers Bureau presented information on the risks/harms of drugs and alcohol to 9,243 people. MATFORCE provided multiple pro social opportunities with over 3,000 youth participating. MATFORCE has a working relationship with Cottonwood Oak Creek School District, Mingus Union High School District, American Heritage Academy, and the Cottonwood Police Department. Yavapai Broadcasting donates thousands of dollars of kind media each year.

Project timeline:

June - July 2016

- 1. Purchase and print curricula materials
- 2. Create "Substance Abuse School Tool Kits"
- 3. Train educators on new and expanded curricula
- 4. Implement contract with Everfi for Alcohol EDU
- 5. Meet with School Administrators

August 2016

- 1. Deliver School Tool Kits
- 2. Meet with School Staff on Curricula materials
- 3. Schedule classroom presentations

September 2016 - May 2017

Implement Classroom Curricula in Cottonwood classrooms

- Alcohol EDU ®
- Heads Up ®
- Drugs and the Body ®
- OTC Medication Safety ®
- RX 360 ®
- What do you Know ®
- Keep a Clear Mind ®
- Stay with Me, Be Drug Free ®
- True Stories ®

Project budget:

Please note: The project budget only includes direct expenses. It does not include operating costs (rent, phone, office supplies, mileage, financial management etc.); administrative salaries (Executive Director, Program Assistant) indirect expenses (liability insurance, audit expense etc.). or In-kind donations (volunteer time, school resources, donated supplies, etc.)

Income:

City of Cottonwood	\$10,607.00
Personnel Costs: Health Educator: \$18.50 per/hr. x 5 hrs./wk. x 40 wks. Employee Related Expenses: \$3,700.00 x 8.31% =	\$3,700.00 \$ 307.00
Total Personnel Cost	\$4,007.00
Supply Costs:	
Keep a Clear Mind (500 students x \$3.00 workbooks) Stand with Me, Be Drug Free (1000 students x \$2.00 workbooks) Printing Costs: Heads Up; Drugs and the Body, OTC, RX 360	\$1,500.00 \$2,000.00
(1900 students x \$1.00 printing per student) True Stories ® (2 videos x \$100)	\$1,900.00 \$ 200.00
10 School Tool Kits (10 x \$100) Total Supply Costs	\$1,000.00 \$6,600.00
Total Project Costs	\$10,607.00

Expected Outcomes:

Many outcomes will be achieved through implementing evidenced based substance abuse prevention curriculums in Cottonwood schools. The main goal of the project is to reduce youth use of prescription drugs, marijuana and alcohol. Exposing parents and students to the serious risks and public health problems caused by drugs and alcohol will increase the perception of risk, leading to a decrease in youth use. The decrease in youth use will be determined by the results of the 2018 Arizona Youth Survey.

The following outcome and process objectives will be obtained:

By May 31, 2017, a minimum of 3000 youth and 2000 parents will have been exposed to education/messaging about the serious risks and public health problems caused by the alcohol and drugs as measured by event reports and material distribution.

By May 31, 2017, a minimum of 1000 elementary school students, 600 middle school students, and 900 high school students in Cottonwood will have completed evidenced informed/evidenced based curriculums as measured by questionnaire completion and staff reporting.

The number of students who complete the curriculums will correlate to increased knowledge in the risks/harms of substance use and protective factors such as emotional competence, prosocial behavior and problem solving. Increased perception of risk will result in decreased youth use. Increasing the number of youth and parents who are exposed to messages on the harms and risks will increase the number of conversations on drugs and alcohol between youth and parents.

Outcome Objectives:

By May 31, 2017, a minimum of 2500 youth participating in evidenced-based school education will self-report an increase in their perception of harm for marijuana, alcohol and/or prescription drugs as measured by surveys and staff reporting.

Increasing the number of youth who report an increase in the risk/harms of substance use will result in a decrease in youth use and a decrease in risk factors such as poor coping skills, affiliation with peers displaying deviant behaviors and perception of approval of drug use by peers and in the school setting.

By May 31, 2018 youth use of marijuana, prescription drugs and alcohol will decrease by a minimum of 10% as measured by the 2018 Arizona Youth Survey.

Project Team:

The project team will consist of two MATFORCE staff members: Executive Director Merilee Fowler and Verde Valley Health Educator Lauren Young. Merilee will coordinate the project. She orders the curricula materials and assists with communication in the schools. Merilee is also responsible for the grant reporting and evaluation of the project. 5% of Merilee's time will be allocated Lauren will coordinate and implement the curriculums in the schools. Lauren works 20 hours a week, 25% of her allocated time will be utilized to implement the project.

MATFORCE has developed relationships with the administration and staff of Cottonwood schools. School staff members such as school counselors and School Resource Officers will also assist in the implementation of the curriculum and be a part of the project team. Members from the MATFORCE Speakers Bureau will also assist in the implementation of the school curriculums and be a part of the project team. Members of the MATFORCE Speakers Bureau include fire fighters, paramedics, law enforcement officers, people in recovery and Yavapai County Community Health Educators.

Addendum:

The following attachments are included in this proposal:

- o If incorporated, Articles of Incorporation. Operating by-laws.
- o Current budget for the organization.
- o Most recent end of year financial statement for the organization.
- o MATFORCE 10 Year Celebration booklet

AZ. CORP. COMMISSION FILED

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DATE	9126

ARTICLES OF INCORPORATION OF

CENTRAL YAVAPAI COALITION FOR SUBSTANCE ABUSE EDUCATION & PREVENTION

KNOW ALL MEN BY THESE PRESENTS:

THAT WE, THE UNDERSIGNED, HAVE THIS DAY ASSOCIATED OURSELVES TOGETHER FOR THE PURPOSE OF FORMING A NON-PROFIT CORPORATION UNDER & PURSUANT TO ARTICLE 2, CHAPTER 22, TITLE 10, ARIZONA REVISED STATUTES & FOR THAT PURPOSE DO HEREBY ADOPT THESE ARTICLES OF INCORPORATION:

ARTICLE 1

NAME:

11

0

THE NAME OF THE CORPORATION SHALL BE: CENTRAL YAVAPAI COALITION FOR SUBSTANCE ABUSE EDUCATION 4 PREVENTION HEREINAFTER REFERRED TO AS CYCSAEP.

ARTICLE II

PURPOSE:

THE PURPOSE FOR WHICH THE CORPORATION IS ORGANIZED IS THE CONDUCT OF ANY OR ALL LAWFUL AFFAIRS FOR WHICH HON-PROFIT CORPORATIONS MAY BE INCORPORATED JUNDER TITLE 10, CHAPTER 22, ARIZONA REVISED STATUTES, OR CORRESPONDING PROVISIONS OF ANY SUBSEQUENT LAW OF THE STATE OF ARIZONA, BUT ONLY TO THE EXTENT THAT THOSE PURPOSES ARE CHARITABLE, SCIENTIFIC, OR EDUCATIONAL AS THOSE TERMS ARE DEFINED BY SECTION 501(c)(3) OF THE INTERNAL REVENUE CODE OF 1986, OR CORRESPONDING PROVISION OF SUBSEQUENT FEDERAL LAW.

ARTICLE III

CHARACTER OF AFFAIRS: THE INITIAL BUSINESS OF THE CORPORATION SHALL BE:

- TO SERVE AS AN EDUCATIONAL & REFERENCE SOURCE ON SUBSTANCE ABUSE ISSUES & PROGRAMS FOR THE CENTRAL YAVAPAI COUNTY AREA OF ARIZONA.
- 2. TO FOSTER AND/OR DEVELOP PROGRAMS TO PROMOTE PUBLIC AWARENESS OF THE PROBLEMS AND POTENTIAL PROBLEMS ASSOCIATED WITH SUBSTANCE ABUSE IN VARIED SEGMENTS OF THE POPULATION IN THE CENTRAL YAVAPAI COUNTY AREA OF ARIZONA.
- 3. TO SERVE AS A FACILITATING BODY THROUGH WHICH BUSINESS, CIVIC, SOCIAL, RELIGIOUS, PROFESSIONAL GROUP/ORGANIZATION AND INDIVIDUAL SUPPORT CAN BE DIRECTED TOWARD EDUCATION AND PREVENTION PROGRAMS WHICH WILL RESULT IN A COMPREHENSIVE AND COORDINATED EFFORT IN MEETING THE PROBLEM OF SUBSTANCE ABUSE IN THE CENTRAL YAVAPAI COUNTY AREA OF ARIZONA.

ARTICLE IV

LOCATION:

THE CORPORATION MAY CONDUCT ITS BUSINESS WITHIN YAVAPAI COUNTY, AND IN ANY OTHER PLACE OR PLACES WITHIN THE STATE OF ARIZONA. THE MAILING ADDRESS OF THE CORPORATION SHALL BE P.O. BOX 44, PRESCOTT, ARIZONA 86302.

ARTICLE V

MEMBERSHIP:

CORPORATIONS, INSTITUTIONS, GROUPS, AND INDIVIDUALS AGREEING TO THE PHILOSOPHY AND PURPOSE OF THE CORPORATION SHALL BE ELIGIBLE FOR MEMBERSHIP. THE QUALIFICATIONS, RIGHTS, AND METHOD OF ACCEPTANCE SHALL BE SPECIFIED IN THE BY LAWS.

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ARTICLE VI

STOCK:

THE CORPORATION SHALL NOT HAVE OR ISSUE SHARES OF STOCK AND SHALL PAY NO DIVIDENDS, PECUNIARY PROFITS, OR ANY PART OF THE NET EARNINGS OF THE CORPORATION WHATSOEVER TO ITS BOARD OF DIRECTOR MEMBERS, OFFICERS, ORGANIZERS, MEMBERS OR OTHER PRIVATE PERSONS, EXCEPT TO PAY REASONABLE COMPENSATION FOR SERVICES RENDERED TO MAKE PAYMENTS AND DISTRIBUTIONS IN FURTHERANCE OF THE PURPOSES SET FORTH IN ARTICLES II AND HIS HEREOF

ARTICLE VII

RESTRICTIONS:

NOTWITHSTANDING ANY CHANGE IN NAME, MERGER, CONSOLIDATION, REORGANIZATION, TERMINATION, DISSOLUTION, OR WINDING UP OF THIS CORPORATION, VOLUNTARY OR INVOLUNTARY, OR BY OPERATION: OF LAW, OR OTHER PROVISIONS HEREOF, THE CORPORATION SHALL:

- 1. NOT CARRY ON ANY ACTIVITIES NOT PERMITTED TO BE CARRIED ON (1) BY A CORPORATION EXEMPT FROM FEDERAL INCOME TAX UNDER SECTION 501 (c) (3) OF THE INTERNAL REVENUE CODE OF 1988 (OR THE CORRESPONDING PROVISION OF ANY FUTURE UNITED STATES INTERNAL REVENUE LAW) OR (2) BY CORPORATION CONTRIBUTIONS TO WHICH ARE DEDUCTIBLE UNDER SECTION 170 (c) (2) OF THE INTERNAL REVENUE CODE OF 1968 (OR THE CORRESPONDING PROVISION OF ANY FUTURE UNITED STATES INTERNAL REVENUE LAW).
- 2. NOT ALLOW ANY PART OF THE ASSETS OR NET EARNINGS OF THE CORPORATION TO BE USED NOR SHALL THE CORPORATION EVER BE ORGANIZED OR OPERATED FOR ANY PURPOSES NOT EXCLUSIVELY WITHIN THE MEANING OF SECTION 501 (c) (3) OF THE CODE.
- 3. NOT ENGAGE IN DISCRIMINATION BECAUSE OF RACE, RELIGION, CREED, SEX, AGE, OR FOR ANY OTHER REASON.
- 4. AT NO TIME ENGAGE IN ANY ACTIVITIES WHICH ARE UNLAWFUL UNDER THE LAWS OF THE UNITED STATES OF AMERICA, THE DISTRICT OF COLUMBIA, OR ANY OTHER JURISDICTION WHERE ITS ACTIVITIES ARE CARRIED ON.
- 5. NOT ALLOW ANY PART OF ITS ACTIVITIES TO CONSIST OF CARRYING ON PROPAGANDA, OR OTHERWISE ATTEMPTING TO INFLUENCE LEGISLATION, AND THE CORPORATION SHALL NOT PARTICIPATE IN POLITICAL CAMPAIGNS INCLUDING THE PUBLISHING OR DISTRIBUTION OF STATEMENTS ON BEHALF OF ANY CANDIDATE FOR A PUBLIC OFFICE.

WINDING UP/ DISSOLUTION:

ARTICLE VIII

UPON WINDING UP AND DISSOLUTION OF THIS CORPORATION, THE BOARD OF DIRECTORS AND THE OFFICERS OF THE CORPORATION, IN THE PERSON OF THE TREASURER, SHALL AFTER PAYING OR ADEQUATELY PROVIDING FOR THE DEBTS AND OBLIGATIONS OF THE CORPORATION DISPOSE OF OR DISTRIBUTE ALL REMAINING ASSETS TO A !-)N-PROFIT FUED, FOUNDATION, OR CORPORATION, WHICH IS ORGANIZED AND OPERATED EXCLUSIVELY FOR SCIENTIFIC. EDUCATIONAL, CHARITABLE, OR RELIGIOUS PURPOSES AS DESCRIBED IN SECTION 501 (c) (3) OF THE INTERNAL REVENUE CODE (OR CORRESPONDING PROVISION OF ANY FUTURE UNITED STATES INTERNAL REVENUE LAW) AND WHICH HAS ESTABLISHED ITS TAX-EXEMPT STATUS UNDER 501 (c) (3) OF THE INTERNAL REVENUE CODE. AS THE BOARD OF DIRECTORS AND THE OFFICERS MAY DETERMINE. ANY ASSETS NOT DISPOSED OF SHALL BE DISPOSED OF BY THE SUPERIOR COURT OF THE COUNTY IN WHICH THE PRINCIPAL OFFICER OF THE CORPORATION IS THEN LOCATED, EXCLUSIVELY FOR SUCH PURPOSE OR PURPOSES OR TO SUCH ORGANIZATION OR ORGANIZATIONS AS THE COURT SHALL DETERMINE ARE ORGANIZED AND OPERATED FOR SUCH PURPOSE.

ARTICLE IX

BUSINESS AFFAIRS:

THE AFFAIRS OF THE CORPORATION SHALL BE CONDUCTED BY A BOARD OF DIRECTORS AND THE ELECTED OFFICERS OF THE CORPORATION IN ACCORDANCE WITH THE ARTICLES OF INCORPORATION AND BY-LAWS. THE BOARD OF DIRECTORS SHALL BE COMPOSED OF INDIVIDUALS REPRESENTING THE VARIOUS CATEGORIES OF MEMBERSHIP AS PROVIDED IN THE BY-LAWS. QUALIFICATIONS-OF-OFFICERS-OF-THE-CORPORATION, THE MANNER OF THEIR ELECTION, AND THEIR TERM OF OFFICE SHALL BE PRESCRIBED BY THE BY-LAWS. THERE SHALL BE (9) MEMBERS OF THE INITIAL BOARD OF DIRECTORS WHO SHALL SERVE UNTIL THEIR SUCCESSORS QUALIFY ACCORDING TO THE BY-LAWS. THEIR NAMES AND ADDRESSES ARE:

KENNETH BARR HC 61 BOX 2010, DEWEY, ARIZONA 86327
LOU BROWN 717 NORTH 5TH STREET, PRESCOTT, ARIZONA 86301
JACK A. KINNEY
1042 HYLAND CIRCLE, PRESCOTT, ARIZONA 86303-4649
ANDREA LUCHESE
146 SCUTH GRANITE, PRESCOTT, ARIZONA 86301
GAYLE RAMIREZ
222 SOUTH MARINA, PRESCOTT, ARIZONA 86301
CHRIS SHERWIN
930 DIVISION STREET, PRESCOTT, ARIZONA 86301
KELLEY SISCHKA
1045 HYLAND CIRCLE, PRESCOTT, ARIZONA 86301
MARNEY STEELE
1951 MEANDER, PRESCOTT, ARIZONA 86301
JAMES TERHUNE
1100 EAST SHELDON, PRESCOTT, ARIZONA 86301

ARTICLE X

INCORPORATORS: THE NAMES AND ADDRESSES OF THE INCORPORATORS ARE:

CHRIS SHERWIN 920 DIVISION STREET. PRESCOTT, ARIZONA 86301 ANDREA LUCHESE 146 SOUTH GRANITE STREET, PRESCOTT, ARIZONA 86301

ARTICLE XI

PRIVATE PROPERTY:

THE PRIVATE PROPERTY OF THE MEMBERS, OFFICERS, AND BOARD OF DIRECTOR MEMBERS OF THIS CORPORATION SHALL BE FOREVER EXEMPT FROM ALL OF THE CORPORATION DEBTS OR OBLIGATIONS.

ARTICLE XII

INDEMNIFICATION: THE CORPORATION SHALL INDEMNIFY ANY AND ALL OF ITS BOARD OF DIRECTORS, OFFICERS, FORMER BOARD OF DIRECTOR MEMBERS, AND FORMER OFFICERS AGAINST ALL EXPENSES INCURRED BY THEM AND EACH OF THEM INCLUDING, BUT NOT LIMITED TO, FEES, JUDMENTS, AND PENALTIES WHICH MAY BE INCURRED, RENDERED. OR RECEIVED IN ANY LEGAL ACTION BROUGHT AGAINST ANY OF THEM FOR OR ON ACCOUNT OF ANY ACTION OR OMISSION ALLEGED TO HAVE BEEN COMMITTED WHILE ACTING WITHIN THE SCOPE OF SERVING AS A BOARD OF DIRECTOR MEMBER OR OFFICER OF THIS CORPORATION.

ARTICLE XIII

STATUTORY AGENT: JACK A. KINNEY WHOSE ADDRESS IS 1642 HYLAND CIRCLE. PRESCOTT, ARIZONA 86303-4649, SHALL BE THE INITIAL STATUTORY AGENT OF THIS CORPORATION. THIS APPOINTMENT MAY BE REVOKED AT ANY TIME BY THE FILING OF THE APPOINTMENT OF ANOTHER AGENT AS PROVIDED BY LAW.

IN WITHESS WHEREOF, WE HAVE HEREUNDER SET OUR HANDS AND SEALS THIS 25

CHRIS SHERWIN, INCORPORATOR

ANDREA LUCHESE, INCORPORATOR

STATE OF ARIZONA) COUNTY OF YAVAPAID

DAY OF ______, 1997, PERSONALLY APPEARED BEFORE ME

AND THAT THEY EXECUTED THE FOREGOING INSTRUMENT FOR THE ACKNOWLEDGED PURPOSES THEREIN CONTAINED.

MY COMMISSION EXPIRES:

My Commission Emires Oct 30 1908

COMMISSIONERS
KRISTINK. MAYES - Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP



ARIZONA CORPORATION COMMISSION

ERNEST G. JOHNSON Executive Director

JEFF GRANT Director Corporations Division

October 4, 2010

ANN SULT 3343 N WINDSONG DR # 6 PRESCOTT VALLEY, AZ 86314 OCT 0 2010

RE: MATFORCE, THE YAVAPAI COUNTY SUBSTANCE ABUSE COALITION File Number: 08137224

We are pleased to notify you that your Amendment to Articles of Incorporation for the above-referenced corporation HAS BEEN APPROVED.

You must publish a copy of the Amendment. The publication must be in a newspaper of general circulation in the county of the known place of business in Arizona for three consecutive publications. A list of acceptable newspapers in each county is enclosed and is also posted on the Commission website. Publication must be completed WITHIN 60 DAYS after October 4, 2010, which is the date the document was approved for filing by the Commission. The corporation may be subject to administrative dissolution if it fails to publish. You will receive an Affidavit of Publication from the newspaper, and you may file it with the Commission.

We strongly recommend that you periodically monitor your corporation's record with the Commission, which can be viewed at www.azcc.gov/divisions/corporations. If you have questions or need further information, please contact us at (602) 542-3026 in Phoenix, or Toll Free (Arizona residents only) at 1-800-345-5819.

Sincerely, Enrique Lira Examiner, Corporations Division

CF:11 REV. 01/2009

ARIZONA CORPORATION COMMISSION

CORPORATIONS DE	VISION COVER SHEET					
USE A SEPARATE COVER S	SHEET FOR EACH DOC	JMENT				
Parameter D. Barantanan D. Bar						
Mor Lock tention From		I Co-data integrations of Lactions				
Type in Corp/Lic Name: Hayromes for Tosis	Was Chaves a Cont	at Voim out Contition				
Type in Com/LIC Name: Figuriaries the 10311	TVE COMES IN LOTE	EXPEDITED SERVICE				
FILING TYPE and frevention	FEE REGULAR SERVICE	PEE SERVICE				
Articles of Domestication	\$100,00	\$135.00				
Articles of incorporation (Profit)	\$ 60.00	\$ 95.00				
Articles of incorporation (Non Profit)	\$ 40.90	\$ 75.00				
Articles of Organization (Limited Liability Company)	\$ 50.00	\$ 86.00				
Application For Authority (Business)	\$175.00	\$210.00				
Application to Conduct Affairs (Non Profit)	\$175.00	\$210.00				
Application for New Authority	\$176.00	\$210.00				
Application for Registration	\$ 25.00	\$185.00 X \$ 68.00				
Marticles of Amendment	\$ 25.00	\$ 86.00				
Articles of Amendment & Restatement	\$ 25.00	\$ 60.00				
Articles of Correction	\$100.00	\$135.00				
Articles of Merger/Share Exchange	\$ 60.00	\$ 85.00				
Articles of Merger (Limited Liability Company)	\$ 0.00	\$ 36.00				
Affidavit of Publication	\$8.00 Each	T \$40.00				
CORPORATIONS -Certified Copies*	bend very many	() (Enter Quantity)				
"If copies are for different entities the Expendite for applies to each entity	(Enter Quantity)					
LLCs - Certified Copies*	\$10.00 Each	\$45.00				
"If copies are for different another the Expedits for applies to each entity	(Enter Quantity)	(Enter Quantity)				
Good Standing Certificate*	\$10.00 Each	\$45.00				
"If Good Standing Cardificates are for different entitles the Expedite tee appear	(Enter Quantity)	() (Enter Quantity)				
to sock entity	Regular Fee	Expedite Fee				
Other:						
SELECT PAYMENT TYPE: DO NOT WRITE YOUR C	REDIT CARD NUMBER ON T	HIS FORM!				
Check Check #	Check Am	ount \$ 60.00				
TIM.O.D. Account MOD Acct#	Mod Amou	ent \$				
	Cont Am	ount \$				
Cash						
Credit Card - for in-person fillings only	CC Amous	II D				
☐ No fee required		-				
SELECT ONE RETURN DELIVERY OPTION: MAIL	Pick Up Pex# (
REQUIRED: Plause list the person or company who will documents will be mailed if they are not pick	ED UP IN A TIMELY MAKINER (A	PPROXIMATELY TWO WEEKS)				
Person or Company Name:	. 1	Number:				
MATKorce, the Yavopai County Su	Lostance Abuse Conlitio	928-108-0100				
Address:	^	_				
	5+6 Presont+ Val	Ley, AZ 86314				
	inte: Zin:	7)				
City:		_				
	TION COMMISSION USE ON					
PICKAIP RY	DATE					

View current process times at: www.excc.gov/Divisions/Corporations

CHOVALR MEY 63/15/2006

AZ CORPORATION COMMISSION FILED



SEP 2 8 2010
FILE NO. 0813722.4

NON-PROFIT CORPORATION ARTICLES OF AMENDMENT Pursuant to A.R.S. §10-11006

1.	The name of the corporation is: Advoc	ates for Positive Choices a
	Central Yavapai Coalition f	or Substance Abuse Education
	and Prevention.	
_	Attached hereto as Exhibit A is the text of e	each amendment adopted.
2 .		•
3 .	The amendment was adopted the	tay of $\frac{May}{2010}$.
4.	The amendment was duly adopted by act of	of (choose one):
	☐ the members	
	the board of directors (without member action was not require entitled to vote).	nember action and either ed or members are not
5.	and with approval, in writing, by the corporation's Articles of Incorporation	person or persons so specified in the or bylaws.
	Dated as of this 27th day of	September 2010.
	\sim	
	(). Q X	. 1
	Signature:	ult
	(Pursuant to ARS §10-3120 (F)(G)) the an officer of the corporation or the Chali	Articles of Amendment must be executed by man of the Board of Directors).
	an onice of pic corporation is the original	
	Title: Co- Chair	
	Printed Name: Ann	5, 1+
	Printed Name: / (FII)	Outi
	AZ CORPORATION COMMISSION	AZ CORPORATION COMMISSION
	FILED	FILED
	SEP 0 2 2010	JUN 2 5 2010
		FLE NO. 0813722.4.
	FILE NO. 0813722-L	FIEND COLO 1997

CF: 0038 w/CF:0039 Instructions Rev: 10/2009

Page 2 of 3

Artzona Corporation Commission Corporations Division

1. Line #3 of the Articles Introduction reads -

"Advocates for Positive Choices a Central Yavapai Coalition for Substance Abuse Education and Prevention"

Is amended to read:

"MATForce, the Yavapai County Substance Abuse Coalition"

2. Article 1, Name:

"The Name of the Corporation shall be: Advocates for Positive Choices, a Central Yavapai Coalition for Substance Abuse Education and Prevention Hereinafter Referred to as APC/CYCSAEP"

Is amended to read:

"MATForce, the Yavapai County Substance Abuse Coalition"

Bylaws Of

MATFORCE, the Yavapai County Substance Abuse Coalition

Adopted 9/14/10 Revised: October 2012 Adopted and Approved: May 2014

By laws

of

MATFORCE, the Yavapai County Substance Abuse Coalition (MATFORCE)

Article I Purpose of the Coalition

- 1. To serve as an educational and reference resource on substance abuse issues and programs for Yavapai County of Arizona.
- 2. To foster and/or develop programs to promote public awareness of the problems and potential problems associated with substance abuse in varied segments of the population in Yavapai County of Arizona.
- 3. To serve as a facilitating body through which business, civic organization, social group, religious group, professional group, and individual support can be directed toward education and prevention programs which will result in a comprehensive and coordinated effort in meeting the problem of substance Abuse in Yavapai County of Arizona.
- 4. Mission Statement: With determination and integrity, we, the citizens of Yavapai County, commit to working in partnership to build healthier communities by striving to eliminate substance abuse and its effects

Article II Membership (Optional)

Section 1: Membership shall be determined by activities with local substance coalition:

To become a member of MATFORCE, the qualifications for membership are determined by:

- Recorded document of active involvement A.
- В. Sector representation
- Agrees to support the philosophy and purpose of MATFORCE. C.

Article III Location

The business address of MATFORCE is 8056 E. Valley Road, Suite B, Prescott Valley AZ.

Article IV Board of Directors

There shall be a Board of Directors constituted as follows:

Chair

Co-Chair

The Board will consist of no less than five members and no more than fifteen members who are elected by a majority of the board.

Article V Meetings

Section 1: Board of Directors:

The Board of Directors will meet monthly or as otherwise directed by the Chair.

Section 2: Quorum:

A quorum for all meetings of the Board of Directors shall consist of at least 50% for all meetings of the Board of Directors.

Section 3: Meeting Notices:

Meeting time and location for all meetings will be announced no less than 5 days prior to the meeting.

Article VI Officers

Officers of MATFORCE shall be as follows:

- A. Chair
- B. Co-chair

Article VII Elections

Members of the Board and Co-Chairs will be elected by the Board of Directors

Article VIII Committees

There shall be no standing committees. However, as conditions and/or situations dictate, the chair of the Board may establish an Ad Hoc Committee with a specific purpose and stated time of existence.

Article IX Compensation

No Board of Directors member, Officer, Committee member, or member of MATFORCE shall receive any remuneration for their service in the coalition. However, all may be reimbursed for any out-of-pocket expenses which they may incur for authorized expenditures on behalf of the coalition.

Article X Books and Records

Section 1: Financial records will be the responsibility of the Fiscal Agent.

Section 2: Meeting minutes and related material will be the responsibility of the coalition staff.

Section 3: Financial records will be audited or reviewed annually.

Article XI: Fiscal Year

The fiscal year will begin 1 July each calendar year and will end on 30 June the following calendar year.

Article XII Governing rules for meetings

A modified Roberts Rules of Order will be the governing document for all meetings of the Board of Directors.

Articles XIII Removal from Office

A board member shall comply with conditions of Board responsibilities. Any board member not living up to these responsibilities may be removed form the Board of Directors at the discretion of the Board.

Article XIIII By Laws Amendments

Any article(s) may be amended under the following procedure:

Section 1: A proposed amendment(s) will be submitted to MATFORCE Board of Directors at least sixty (60) calendar days before the next scheduled annual or any regularly scheduled annual or any regularly scheduled meeting of MATFORCE.

Comments by the reviewers will be returned to the Executive Director no less than thirty (30) calendar days before the meeting. The Director will prepare a summary of comments for distribution to the board no less than ten (10) days before the meeting. A vote of two thirds (2/3) of the board (either by in-person or absentee ballot) will be required to accept the amendments(s). The amendment(s) will be effective as of the date of the acceptance.

TOTAL REVENUES	188,537	61,940	27,775	93,750	51,000	•	25,200	-	448,202
Total Other Sources	<u> </u>		-		25,000	•	-		25,000
MHTA Conference Income Total Other Sources			_	-	25,000 25,000	_			25,000 25,000
Other Sources					25 000				05.000
010									
Total Contributions	-		•	-	13,000	•	25,200	•	38,200
Community Counts					10,000		25,200		35,200
Youth Steps					3,000				3,000
AmeriCorps Partner Match									•
Contributions/Contracts									
i viai		<u> </u>			3,000				3,000
Total			_		3,000				3,000
Drug Court Alumni					2,000				2,000
Other Income Sources Victim Impact Panels					1,000				1,000
Other Income Courses									
Total Grants	188,537	61,940	27,775	93,750	10,000	•	•		382,002
Jewish Community Foundation					5,000				5,000
Sedona Community Foundation					5,000				5,000
Foundations									•
NARBHA		61,940							61,940
Partnership for Success Grant			27,775	93,750					121,525
Commission									-
Arizona Criminal Justice	 		-						
AmeriCorps	,	······································							
Parent Commission	188,537								188,537
Grants				-					
REVENUES									
	Parent Commission	NARBHA	Year 2 SPF PFS	Year 3 SPF PFS	MATFORCE Miscellaneous	Restricted Funds	Yavapai Reentry Project		TOTAL
			V	V0					
July 1, 2015 - June 30, 2016									
MATFORCE BUDGET									

•

	Parent				MATForce			
EXPENSES	Commission	NARBHA	SPF PFS	SPF PFS	Unrestricted	RICO	YRP	TOTAL
Personnel								
Salaries - Staff								
Director	28,000	17,500	5,292	12,875	3,883		4,000	71,55
Executive Assistant	20,000	10,000	1,125	3,375	4,500		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	39,00
Community Edu Coordinator	18,300	9,800			.,,,,,,			28,10
								,
Grant Manager (July - August)			2,000					2,00
Program Assistant	8,996		2,500	12,300			10,000	33,79
VV Community Edu Coordinator	7,500		2,000	8,000				17,50
Benefits	10,173	3,090	975	3,500	1,150		5,000	23,88
Health Insurance payments	7,380	3,300	1,500	3,800				15,98
Total Staff	100,349	43,690	15,392	43,850	9,533	-	19,000	- 231,81
								-
								-
Contracts/Pass Through Funds								
								-
Professional/Contract-ADI Accounting	12,000	1,800	2,500	3,600	2,780			22,680
Police Overtime/CUB				2,400				2,400
Speakers/Trainers					1,500	1,500		3,000
Media Campaign	4,791		3,060	7,345				15,196
Evaluation Expense								-
SAM Boot Camp								-
Youth Action Teams								_
Parenting Education Coalition	14,400							14,40
YRP Assistance							2,000	2,000
MATFORCE Events					3,000			3,000
YRP Contract								-
Public Relations Contract	3,600	4,000						7,600
Total Contract	34,791	5,800	5,560	13,345	7,280	1,500	2,000	- 70,270
Youth Programing Expense								
Youth Action Teams		-				5,000		5,000
Youth Steps					3,000			3,000
Youth Events								-
Total Youth Programing	•	-	-	•	3,000	5,000		- 8,000
05								
Office Expenses	7.000	0.400	200	2 700			0.000	
Rent/Storage	7,200	2,400	900	2,700			3,000	16,200
Utilities	1,800	1,200	600	1,800				5,400
Telephone/Internet	1,800	1,200	300	900	1,000			5,200
Total Office Expenses	10,800	4,800	1,800	5,400	1,000	•	3,000	- 26,800
Operating								
			20		400			100
Bank Charges Dues/Pubs/Subscriptions				2 400	400			400
				2,400	1 405	1500		2,400
Meeting Expenses Training Expense				1,200	1,435	1500		4,135
Financial Mgmt-Tax Return		650			3,000			3,000
					5,000			5,650
Insurance Travel - local	10,680	1,000 2,500		2 600	6,000			7,000
Havel - IOCal	10,000	2,500		3,600	1,200			17,980
								-

t.

<u></u>								
Travel - out of state				2,400	3,000			5,400
Office Supplies	3,600		600	1,800			1,200	7,200
Coalition Materials				2,400	1,900	1,000		5,300
Program Materials		1,200		2,386		. 1,000		4,586
Web Based Curriculum				5,000	5,000			10,000
Parenting Materials	1,100							1,100
Alcohol Education		i						• •
True Stories	2,000							2,000
Good Behavior Game					5,000			5,000
Coping Skills Curricula	1,000							1,000
Kids at Hope	1,500							1,500
Keep a Clear Mind	1,500							1,500
Computer/Printer/Copier				520	1,693			2,213
Printing	3,617		2,340	2,400	500			8,857
Postage	600			807				1,407
Background Checks					100			100
Marijuana, The Science and the				·				
Experiment					23,000			23,000
Staff and Volunteer Thank yous					2,500			2,500
Marijuana Harmless, Think Again								
Campaign		500			5,000			5,500
Total Operating	25,597	5,850	2,940	24,913	64,728	3,500	1,200	- 128,728
GSSAC								
Administrative Charges	17,000	1,800	2,083	6,242				27,125
Dr. Cattolico Scholarship	17,000	1,000	2,003	0,242	1,000			1,000
Drug Court Alumni					2,000			2,000
TOTAL EXPENDITURES	188,537	61,940	27,775	93,750	88,541	10,000	25,200	- 495,743
	100,031	01,340	21,115	53,750		10,000	25,200	
Expenditures - Admin Expense					27,125 61,416			468,618
Revenue	188,537	61,940	27,775	93,750	51,000		25,200	- 448,202
	•	•						

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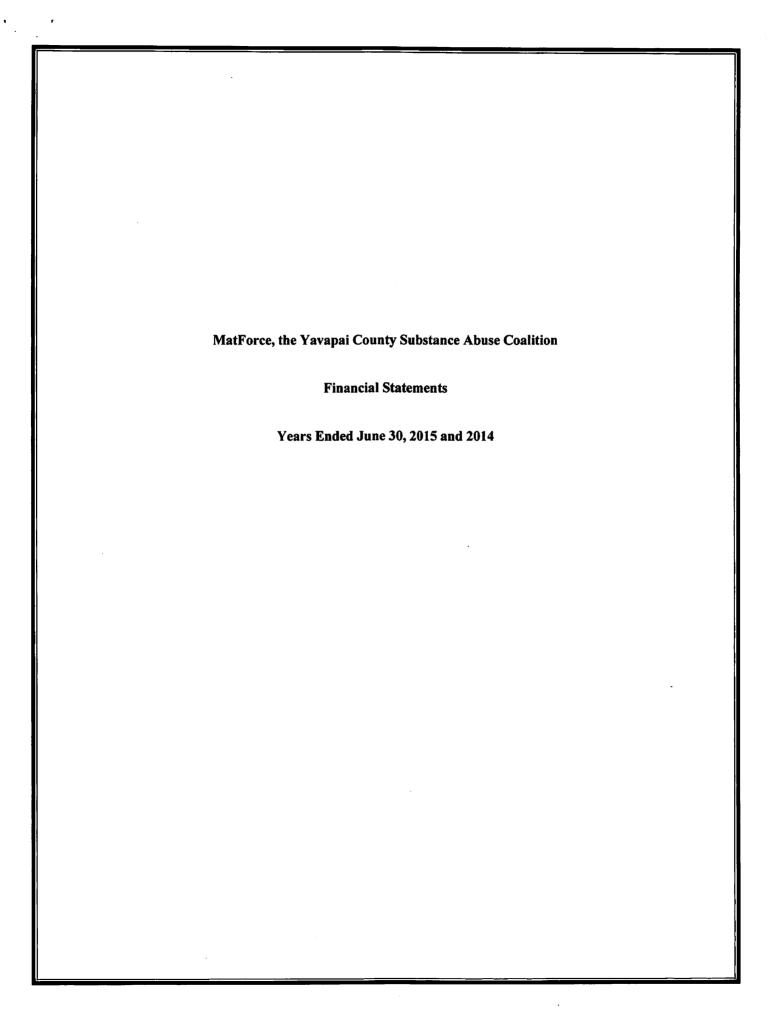


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Statement of Cash Flows	5
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MatForce, the Yavapai County Substance Abuse Coalition Statement of Financial Position Years Ended June 30, 2015 and 2014

Assets

		<u>2015</u>	<u>2014</u>
Cash and cash equivalents Receivables Amount due from a related organization Prepaid Expenses Total current assets	-	45,327 77,088 - 588 23,003	\$ 229,333 48,683 1,810 2,836 282,662
Total assets		23,003	\$ 282,662
Liabilities and Net Assets			
Current Liabilities Accounts payable Amount due to a related organization Accrued expenses Total current liabilities Total liabilities		14,625 14,625	\$ 31,936 3,224 26,305 61,465
Net assets Unrestricted net assets Board designated Temporarily restricted net assets		02,834 47,526 58,018	 60,356 62,504 98,337
Total net assets	20	08,378	 221,197
Total liabilities and net assets	\$ 22	23,003	\$ 282,662

MatForce, the Yavapai County Substance Abuse Coalition Statement of Activities Years Ended June 30, 2015 and 2014

		<u>2015</u>		<u>2014</u>
Unrestricted Net Assets				
Support and revenues				
Contributions	\$	12,825	\$	9,430
In-kind contributions		31,476		30,696
Grants		439,107		193,655
Fundraising		-		738
Program and other revenue		29,077		4,644
Interest income		32		45
Total support and revenues		512,517	8	239,208
Net assets released from restrictions		45,319		78,160
Total unrestricted revenue, support and reclassifications	1	557,836	Y	317,368
Expenses				
Program services		487,761		329,485
Supporting services				
Management and general		42,575		46,493
Fundraising			E	454
Total expenses		530,336	_	376,432
Increase (decrease) in unrestricted net assets		27,500		(59,064)
Temporarily restricted net assets		5 000		100 000
Contributions		5,000		100,000
Grants Temporarily restricted net assets released from restriction		(45,319)		144,000 (78,160)
remporarry restricted net assets released from restriction		(43,319)	_	(76,100)
Increase (decrease) in temporarily restricted net assets		(40,319)	8	165,840
Increase (decrease) in net assets		(12,819)		106,776
Net assets at beginning of year		221,197		114,421
Net assets at end of year	\$	208,378	\$	221,197

MatForce, the Yavapai County Substance Abuse Coalition Statement of Cash Flows Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities (Decrease) increase in net assets \$	(12.910)	100 770
(Decrease) increase in net assets \$	(12,819)	\$ 106,776
Adjustments to reconcile increase in net assets to		
net cash (used) provided by operating activities:		
(Increase) decrease in operating assets:		
Receivables	(30,214)	(26,451)
Amounts due from related organizations	1,810	(1,810)
Prepaid expense	4,058	(2,721)
Increase (decrease) in operating liabilities:		
Accounts payable	(43,756)	28,889
Accrued expenses	139	15,097
Amounts due to related organizations	(3,224)	3,224
Net cash (used) provided by operating activities	(84,006)	123,004
Net increase in cash and cash equivalents	(84,006)	123,004
Beginning cash and cash equivalents	229,333	106,329
Ending cash and cash equivalents	145,327	\$ 229,333
Supplemental data:		
In-kind advertising income and expense \$	31,476	\$ 30,696

Note 1 - Summary of Significant Accounting Policies

Nature of Activities

MatForce, The Yavapai County Substance Abuse Coalition (Organization), formerly known as Advocates for Positive Choices, a Central Yavapai Coalition for Substance Abuse Education and Prevention, was incorporated in 1997 to serve as an educational and reference source for substance abuse issues and programs in Yavapai County, Arizona. Its mission statement is, "With integrity and determination we, the citizens of Yavapai County, commit to working in partnership to build healthier communities by striving to eliminate substance abuse and its effects." The Organization is committed to working in partnership to build healthier communities by striving to eliminate substance abuse and its effect in the community. The Organization strives to foster and develop programs that promote public awareness of the problems and potential problems associated with substance abuse in various segments of the population of Yavapai County, Arizona.

The Organization facilitates businesses, civic organizations, social groups, religious groups, professional groups, and individuals with education and prevention programs, which result in a comprehensive and coordinated effort in meeting the problems of substance abuse in the community. The Organization fulfills its mission through grants, program contract revenues, and contributions.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America.

As required by the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) standards, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

The Organization has adopted the FASB's ASC Revenue subsection whereby contributions received are recorded at fair value at time of receipt as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restriction.

All grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

The Organization receives a significant portion of its revenue from reimbursable governmental grants and contracts. Grant terms range between one and three years.

The nature of these short-term contracts and grants force the Organization to seek new funding sources on a recurring basis. Without continued grant and contract funding, it is unlikely the Organization could continue to administer its programs.

Note 1 - Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

Contract revenue is recognized when services are performed and deemed receivable by the Organization. Unearned contract revenue received by the Organization is recognized as deferred on the face of the financial statements.

All receivables are deemed fully collectible. No allowance for doubtful accounts has been established by management. All receivables are current, and therefore, collectible within the subsequent fiscal year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations

The Organization maintains several accounts in one commercial bank, which may, at times, exceed federally insured limits.

The Organization receives a significant portion of its support from a few agencies. Eighty-four percent of the total support received by the Organization was provided by three government donors. Loss of this funding could have a material effect on the financial health of the Organization.

Any of the funding sources may, upon audit by the granting agency, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Organization with the terms of the grants or contracts. The Organization believes that any such instances, should they occur, are immaterial. No liability for noncompliance has been recognized by management in these financial statements.

Significant Estimates

The value of in-kind advertising is based on the fair value of media spots provided to the Organization. The Organization may find that this estimate is under or overvalued.

Contributed Services and Tangibles

Tangible in-kind contributions are recognized at their estimated fair value in the period received.

At times, the Organization may receive donated services. Only contributed services that require specialized skills, are provided by individuals possessing those skills, have value to the Organization, and would have been purchased by the Organization if not provided by contributors, are recognized at their fair value. Accordingly, the Organization had no services meeting this requirement and no contributed services were recognized in the current financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

Contributed Services and Tangibles (continued)

In accordance with nonprofit accounting standards, contributed advertising is recognized as contributed assets rather than services measured at fair value at the time of donation.

Property and Equipment

Purchases of property and equipment are recognized at cost. Donations of property and equipment are recognized as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Temporarily restricted net assets are reclassified to unrestricted net assets at that time.

The Organization's capitalization policy has been established at \$5,000. Depreciation is computed using the straight-line method over the useful lives of three, five, seven, and fifteen years.

Fixed assets acquired by grant monies received from the State of Arizona are considered to be owned by the State of Arizona. Titles of stated properties remain with the State of Arizona and are fully expensed upon purchase. No amounts have been recognized for such property in the Statement of Financial Position for the fiscal years ended June 30, 2015 and 2014. Capitalized property shall not be disposed of without written approval from the State of Arizona.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated between the programs and supporting services benefited.

Advertising

The Organization's media campaign utilizes billboard, radio, print, and television media to fulfill its drug prevention mission. Advertising costs are expensed as incurred. The Organization receives a significant amount of contributed or in-kind advertising from local agencies. Advertising totaled \$74,113 and \$56,907, for the years ended June 30, 2015 and 2014, of which, \$31,476 and \$30,696 was contributed by local agencies.

Note 1 - Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation within the meaning of Section 509(a).

Accounting principles generally accepted in the United States of America prescribe a recognition threshold and a measurement process for accounting for uncertain tax positions and also provide guidance on various related matters, such as interest, penalties, and required disclosures. Management believes the Organization does not have any uncertain tax positions.

The Organization files information returns with state and federal agencies. Generally, the returns are subject to examination by income tax authorities for three years from the filing of a return with the Internal Revenue Service and four years from the filing of a return with the Arizona Department of Revenue. As such, the returns for tax years 2014, 2013, 2012, and 2011 are subject to examination by taxing authorities. Interest or penalties assessed by taxing authorities, if any, would be included in management and general expenses.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Reclassification

Certain prior year amounts may have been reclassified to conform to the current year financial statement presentation.

Note 2 - Receivables

Receivables consist primarily of contract and grant reimbursements. All receivables are considered to be collectible within one year. No allowance for doubtfùl accounts has been established by management due to the nature of the receivables. Contracts, grants, and accounts receivable include the following at June 30, 2015 and 2014:

	<u> 2015</u>	201	14
Grants	\$ 77,088	\$ 48,42	23
Other		26	<u>50</u>
Total	<u>\$ 77,088</u>	\$ 48,68	<u>33</u>

Note 3 - Net Assets

The temporarily restricted net assets as of June 30, 2015 and 2014, consist of the following:

	<u> 2015</u>	2014
Substance abuse prevent and education	\$ 58,018	\$ 98,337
Total	\$ 58,018	\$ 98,337

Per the Organization's fiscal policy, the Organization retains unrestricted board-designated funds of six months operating expenses, which include administrative and director payroll and rent and utilities expense.

The unrestricted board-designation net assets as of June 30, 2015 and 2014, consist of the following:

	2015		<u> 2014</u>
Operating reserve	\$ 39,941	\$	62,504
Prescription drug initiative	<u>7,585</u>		
Total	<u>\$ 47,526</u>	<u>\$</u>	<u>62,504</u>

There were no permanently restricted net assets as of June 30, 2015 and 2014.

Note 4 - In-kind Contributions

In-kind contributions are summarized below for the years ended June 30, 2015 and 2014.

		<u> 2015</u>	<u> 2014</u>
Advertising	·	<u>\$ 31,476</u>	\$ 30,696
Total		<u>\$ 31,476</u>	\$ 30,696

Note 5 - Related Party Transactions

The Organization and an affiliated organization, Community Counts, have the same individuals as their Board of Directors and Executive Director. Also, both organizations have many of the same employees. Additionally, the related organizations share certain general and administrative expenses. Salaries and other operating and administrative expenses are allocated to the organizations either on a percentage basis or based on actual time and/or consumption. The officers of the Organization would have the ability to influence the Organization's operations for the benefit of the other organization under their control. The Organization paid \$10,400 and \$17,769 to the affiliate for salaries and operating and administrative support during the years ended June 30, 2015 and 2014, respectively. No amounts were due from the related organization at June 30, 2015. The amount due from the related organization at June 30, 2014, was \$1,810, and is stated as amount due from a related organization in the Statement of Financial Position. There were no amounts due to the related organization at June 30, 2015. At June 30, 2014, \$3,224 was due to the related organization.

Note 6 - Contingent Liabilities

In May of 2012 the Organization entered into a lease agreement for rental of its program and administrative office. The lease term began June 1, 2012, and ended May 31, 2014, with an option to renew, giving written ninety-days notice prior to lease termination. The lease was renewed in February 2014 for an additional three-year term through May 2017. Monthly payments begin at \$1,122 and increase to \$1,156 and \$1,200 for the subsequent annual terms of which, a portion of this lease agreement is paid by the related party organization referenced above. Total contingent lease payments for the fiscal years ending June 30 follow:

2016	\$ 4,742
2017	4,566
Total	\$ 9,308

Total rent expense for the years ended June 30, 2015 and 2014, was \$4,932 and \$4,800, respectively.

Note 7 - Subsequent Events

Management of the Organization has evaluated events and transactions subsequent to June 30, 2015, for potential recognition or disclosure in the financial statements. The Organization had no subsequent events that required recognition or disclosure in the financial statements. Subsequent events were reviewed by Management through November 5, 2015, which is the date the financial statements were available to be issued.

CITY OF COTTONWOOD

BUILDING COMMUNITY GRANT APPLICATION COVER SHEET FISCAL YEAR 2017 NOTE: APPLICANTS MUST COMPLETE THIS COVER SHEET AND ATTACH THE GRANT PROPOSAL IN THE FORMAT DESCRIBED HEREIN.

Legal Name and Address of Applicant(s):
Angiès House, Inc.
892 S. Tigrzs Trail
CoHenwood, AZ 86326
Business Registration Number: 15-1956 409 N 15th St.
Type of Organization of Applicant: (check one) Private Non-Profit
Other (briefly explain legal structure of the organization)
This organization is organized exclusively for
Charitable purposes, including for such purposes
That making of distributions to organizations that quali
as exempt organizations under Section 501(c)(s) of the
Chavitable purposes, including, for such purposes That making of distributions to organizations that quality as exempt organizations under Section 501(c)(s) of the Juternal Revenue code,
Describe the function or purpose of the applicant organization.
The character of affairs of the corporation
The character of affairs of the corporation will be: to provide transitional and
temporary housing for homeless men,
women and children.

Contact person information:

Name: Augela Lozano

Title: Divector

Address: Sq2 5. Tigres Trail

Co Honwood, AZ 86326

Phone: (928) 301-2169

Email: Augela-Lozano a acl. com

Proposal Format:

Narrative proposals shall be attached to this application sheet following the format described below.

- A Letter of Introduction. Introduce the applicant organization(s), briefly describing the mission and history in the community of the organization. (maximum 1 page)
- Community Need. Describe and document the community need that you have identified to meet with this grant application proposal. (maximum 3 pages)
- Grant Proposal. Provide a detailed narrative description of the service, project, or program that you are proposing to meet this community need. At minimum, address the following questions in the proposal: (maximum 5 pages)
 - Amount of grant request.
 - Ability to meet the stated need through the design of the service, project, or program.
 - o Why is this grant necessary or an appropriate source of revenue to meet this need?
 - o Ability of the organization to complete the program as designed.
 - o Project timeline.
 - o Project budget.
- Expected Outcomes. If awarded the grant, describe the expected outcomes of the program, and how those outcomes will be measured. (maximum 1 page)
- Project Team. Identify the people involved in the program, their role within the program, and their time allocation to the program. (maximum 1 page)
- Addendum. Attach an addendum to the proposal to include the following:
 - o If incorporated, Articles of Incorporation. Operating by-laws.
 - o Current budget for the organization.
 - o Most recent end of year financial statement for the organization.
 - o Any other information about the organization you would want to include.

ELIGIBILITY CRITERIA
To be used for rating purposes only

All questions are to be rated on a scale of 1-5, with 1 being the lowest and 5 being the highest.						
Is the o	rganiza	tion a n	on-prof	it entity or organization with current operating by-laws?		
1	2	3	4	5		
Does the organization provide services, projects, or programs that benefit and are available to residents of the City of Cottonwood?						
1	2	3	4	5		
Has the	e organi	zation o	demons	trated a community need that will be addressed by the grant program?		
1	2	3	4	5		
				SELECTION COLTEDIA		
				SELECTION CRITERIA		
Did the	e applica	int doci	ument a	nd state the community need to be addressed with the grant funding?		
1	2	3	4	5		
Did the applicant meet the stated need through the design of the service, project, or program?						
1	2	3	4	5		

Angela Lozano Angie's House, Inc.

City of Cottonwood Building Community Grant

3/29/16

Grant committee:

Angie's House, a non-profit organization, provides immediate housing for individuals impacted by addiction, mental illness and homelessness. We provide different levels of supportive housing in Cottonwood, Arizona.

Recovery Housing: Our program allows our residents the opportunity to live a drug-free life. The 24 week program includes daily participation in 12 step meetings, counseling and required employment for self-reliance. We have contracted with Yavapai County Adult Probation for the last 10 years.

Transitional Housing: Our program provides immediate, safe, alcohol/drug free, affordable housing for residents from 1 month to indefinite. We facilitate access to housing. Health; mental health; employment; and basic human needs suffer when denied access to stable housing. 80% of our residents consider it their permanent home. We work closely with Catholic Charities, Adult Protective Services, Verde Valley Sanctuary, Department of Child Safety, Salvation Army, St Vincent de Paul, churches and the public.

We have proudly served our community for the last 15 years. Our current focus program is for our unsheltered Cottonwood residents. Cottonwood is a beautiful place to live and housing can be challenge for even the most self-reliant. Our shelter housing is immediately accessible to those who need a warm, safe, secure place to sleep at night.

Homeless in Cottonwood.

In general, the public may think of homeless people as uneducated, unemployed, drug-addicted, unstable people who are unwilling to get a job. This is only a very small fraction of who the homeless really are.

Who are they? (Let's learn who they are by looking at some statistics.)

Homeless population:

44% Single men

36% Families

13% Single women

7% Unaccompanied minors

Homeless population by age:

40% 31-50 years

22% Under 18 years

20% 18-30 years

18% Over 50 years

Mental Illness:

25% of the adult homeless population are impaired by mental illness.

Veterans:

40% of the homeless adults served their country in the armed forces.

<u>Illness</u>:

50% of the homeless are afflicted with diabetes, high blood pressure, cancer or arthritis but DO NOT receive medical treatment. An additional 25% suffer from pneumonia, tuberculosis, or a terminal illness.

Who are they? (Continued)

Foster Children:

33% of foster children will be homeless before they turn 18.

Employed homeless:

44% were legally employed within the last month.

Hope for housing:

40% of the homeless will find housing within 6 months.

Why do we call them homeless people? People don't refer to me as a "house" person and we don't call people "condo" or "apartment" people. We focus too much on the "homeless" part and forget the "people" part.

What causes Homelessness?

35% Loss of job.

19% Bills higher than earnings.

15% Evicted by family member/Abuse at home.

11% Incarcerated.

10% Sick/Disabled/Mental issue.

10% Drugs/Alcohol.

Despite, the number of affordable and supportive housing units provided in the Verde Valley, our organization is the only one that provides immediate shelter to the homeless. Cottonwood needs a home that can provide housing to their unsheltered residents. We have achieved this dream for the last 3 years during the cold weather months (November-February) through use of our director's personal funds. We want to continue to provide this service year round with additional funding.

How to help lessen the impact of homelessness in the Cottonwood?

Humans have 4 basic needs:

- 1) Air
- 2) Food/water
- 3) Clothing
- 4) Shelter

Currently in Cottonwood, we have the following resources available for the 4 basic needs.

Air: Clean, pollution free air is readily available to all Cottonwood residents.

Food/Water: Numerous local foodbanks & The Old Town Mission.

Clothing: St Vincent de Paul, Salvation Army, and Goodwill will provide clothing at no cost.

Shelter: None except for Angie's House temporary shelter.

I am requesting the \$15, 000 grant amount and would be grateful for any amount approved to continue our shelter program.

Currently Angie's House homeless shelter is open 7 days a week. Check in is at 6:00 pm and check out by 10:00 am the following morning.

Our shelter provides all the amenities of a home.

- a) Bedroom
- b) Kitchen
- c) Livingroom
- d) Bathroom
- e) Electric, gas, water, and trash service.
- f) Safety and security.

Bedroom: 1 large room with bunkbeds. Twin size mattresses.

1 large dresser and large closet are provided for temporary storage of belongings.

Blankets, sleeping bags, pillows and bedding are provided.

We routinely launder all bedding.

Bathroom: 1 bathroom with tub/shower combination, toilet, sink and large linen closet.

Bath and hand towels are provided. Towels are laundered routinely.

Bath soap, shampoo and toilet paper are provided.

Kitchen: Furnished kitchen with dishes, utensils, pots and pans.

Cabinets for food and supply storage.

Double sided sink. Dish soap and sponges are provided.

Microwave is provided.

Full size refrigerator. This is a gem, normally food that would spoil overnight out in

the elements can be saved and not wasted.

Coffeepot and coffee are provided.

<u>Dining room</u>: Small dining room set where meals can be enjoyed.

Livingroom: Couch, end tables, lamp and a TV w/ built in DVD player.

Numerous DVDs, books, and board games to enjoy.

Angie's House has the ability, experience and the desire to house the homeless residents of Cottonwood. We have served our community for the last 15 years.

This grant would give Angie's House the opportunity to provide shelter services more months out of the year, including the summer months. The outside summer temperatures have been unseasonably high. A temperature in Cottonwood on a hot summer day can be 110 degrees. On these hot days, we will open the shelter doors at 2:00 pm, to allow unsheltered residents relief from the heat. We will extend the hours for the months of July, August and September 2016.

Projected Monthly Budget

Rent	750
Insurance	600*
Gas	185
Electric	250
Water/Sewer	165
Trash	50
Resident Services	500**
Supplies	100
Laundry	100
Case management	<u>1,500</u>
	4,200

^{*}Amount reflects required amount of insurance coverage.

^{**} Resident services include but not limited to: MVD cost for identification, cost for duplicate birth certificates, medication co-pays, special non-slip work shoes and greyhound bus tickets for individuals wanting to move back to hometown and family.

If Angie's House is blessed with the grant funds, we will continue to house the unsheltered residents of Cottonwood for more months out of the year. We will continue to provide a calm, safe place for people to sleep at night with dignity. We will continue to serve the 8-12 people per night that reach out to us for help.

Our Project Team

Angela Lozano: Founder/Director of Angie's House.

- She receives all incoming shelter phone calls.
- Coordinates shelter services with other organizations.
- Completes daily intake documentation of residents.
- Performs all bookkeeping functions.
- Opens shelter daily.
- Provides case management for the women.
- 4-5 hours per day.

Pedro Gonzalez: Facilities manager (experienced homelessness as a child/young adult)

- He coordinates where residents will sleep.
- Monitors and maintains adequate household supplies.
- Laundry.
- Daily cleaning of the shelter.
- Closes shelter daily.
- Provides case management for the men.
- 2-3 hours per day.

Robert Jones: House leader

• He provides moral support to residents. He notifies Angela/Pedro of any situations that may arise during the night.

Case manager: To be announced.

• Responsible for duties currently being performed by Angela and Pedro.

Addendum

- -Articles of Incorporation
- -Operating by-laws
- -2016 Budget
- -2015 Financial statement

AZ-CORPORATION COMMISSION FILED

ARTICLES OF INCORPORATION



DEC 13 2007

OF

FLE NO. -14 N701-3

ANGIE'S HOUSE, INC. an Arizona Non-Profit Corporation

- 1. Name: The Name of the Corporation is ANGIE'S HOUSE, INC. .
- 2. <u>Purpose</u>: This Corporation is organized exclusively for charitable, religious, educational and scientific purposes, including, for such purposes the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.
- 3. Character of Affairs: The character of affairs of the corporation will be: to provide transitional and temporary housing for homeless men, women and children.
- 4. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its members, directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article 2. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on: (a) by a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Law) or: (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Laws).
- 5. Upon the dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all the liabilities of the Corporation, dispose of all its assets exclusively for the purposes of the Corporation in such a manner, or to such organizations organized and operated exclusively for charitable, educational, religious or scientific purpose as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Laws), or to a state or local government, for a public purpose. Any such assets not disposed of shall be disposed of by the Superior Court of the county in which the principle office of the corporation is then located, exclusively for such purpose or to such organization or organizations, as said Court shall determine which are organized and operated exclusively for such purpose.

- 6. The power of indemnification under the Arizona Revised Statutes shall not be denied or limited by the bylaws.
- 7. <u>Board of Directors</u>: The initial board of directors shall consist of not less than one (1) nor more than ten (10) directors. The names and addresses of the persons who are to serve as the directors until the first annual meeting of the members, if a member corporation, or Board of Directors, if the Corporation has no members, or until their successors are elected and qualify are: <u>Angela M. Lozano, PO Box 4484, Cottonwood, AZ 86326</u>. The number of persons to serve on the board of directors thereafter shall be fixed by the Bylaws.
- 8. <u>Known Place of Business</u>: The street address of the known place of business of the Corporation is: <u>892 S. Tigres Trail, Yavapai County, Cottonwood, Arizona, 86326</u>.

9. Statutory Agent: The name and address of the statutory agent of the Corporation is:

Angela M. Lozano, POPOLITIA, Cottonwood, AZ 86326.

8925. TIGYES TYAIL, Cottonwood AZ 86 326AR.

10. <u>Incorporators</u>: The names and addresses of the incorporators are: <u>Angela M. Lozano</u>, <u>PO Box 4484</u>, <u>Cottonwood</u>, <u>AZ 86326</u>.

All powers, duties and responsibilities of the incorporators shall cease at the time of delivery of these Articles of Incorporation to the Arizona Corporation Commission.

- 11. <u>Discrimination</u>: The Corporation will not practice or permit discrimination on the basis of sex, age, race, national origin, religion, or physical handicap or disability.
 - 12. Members: The Corporation will have members.

EXECUTED this _ incorporators.	14h day of becomber	, 2007 by all of the
oporado.	Am	
	ANGELA M. LOZANO	

Acceptance of Appointment By Statutory Agent

The under	signed hereby acknowledges and accepts the appointment as statu	itory
agent o the above	e-named corporation effective this //May of Decrember,	7007
	Don't The state of	2007.
Signed		
ΔN	JGETAM LOZATO	

ARIZONA CORPORATION COMMISSION CORPORATIONS DIVISION

Phoenix Address: 1300 West Washington Phoenix, Arizona 85007-2929

Tucson Address: 400 West Congress

Tucson, Arizona 85701-1347

NONPROFIT

CERTIFICATE OF DISCLOSURE

A.R.S. Section 10-3202.D.

ANGIE'S House, INC.

	EXACT CORPORAT	e name
A. Has any person serving either by election or appointment as officer, dire	tor, trustee, or incorporator in the corporation:	
1. Been convicted of a felony involving a transaction in securities, consum	er fraud or antitrust in any state or federal jurisdicti	on within the seven-year period
immediately preceding the execution of this Certificate?		
2. Reen convicted of a felony, the essential elements of which consisted of	fraud, misrepresentation, theft by false pretenses, o	r restraint of trade or monopoly
in any state or federal inriediction within the seven-year period imme-	iately preceding the execution of this Certificate?	
3. Been or are subject to an injunction, judgment, decree or permanent of	der of any state or federal court entered within the	seven-year period immediately
preceding the execution of this Cartificate wherein such injunction, ju-	oment, decree or permanent order:	
(a) Involved the violation of fraud or registration provisions of the se	prities laws of that inriadiction?: Of	
(b) Involved the violation of the consumer fraud laws of that jurisdic		
(c) Involved the violation of the antitrust or restraint of trade laws of		
(0) 12101100 120 1100 120 01 100 1200 120		
YesNo		
B. IF YES, the following information MUST be attached:		
1. Full name and prior name(s) used.	6. Social Security number.	
2. Full birth name.	7. The nature and description of each conv	riction or judicial action, date
3. Present home address.	and location, the court and public agenc	y involved and file or cause
Prior addresses (for immediate preceding 7-year period).	munber of case.	•
5. Date and location of birth,	Harrow of Area.	
J. Date and relation of buttle,		
YesNo IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST 1. Name and address of the corporation. 2. Full name, including alias and address of each person involved. 3. State(s) in which the corporation: (a) Was incorporated. (b) Has transacted business.	ATTACH THE FOLLOWING INFORMATION 4. Dates of corporate operation. 5. A description of the bankruptcy, receiv including the date, court or agency and the case.	eaship or charter revocation,
D. The fiscal year end adopted by the corporation is		
Under penalties of law, the undersigned incorporators/officers declare that we knowledge and belief it is true, correct and complete, and hereby declare as it DAYS OF THE DELIVERY DATE	dicated above. THE SIGNATURE(S) MUST BB	DATED WITHIN THIRTY (30)
BY MATE 12/11/07		ATE
TITLE Theorporator	TITLE	
BYDATE	BYD	ATE
TITLE	TITLE	
DOMESTIC CORPORATIONS: ALL INCORPORATORS MUST S Incorporators, please attach remaining signatures on a separate sheet of pag If within sixty days, any person becomes an officer, director, or trustee	er.)	
if which sixty days, any person becomes an officer, director, or trustee	me me betant was not member in time discusse	,

AMENDED certificate signed by all incorporators, or if officers have been elected, by a duly authorized officer.

FOREIGN CORPORATIONS: MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION.

CF: 0001 - Non-Profit

Rev: 9/00

BYLAWS

OF

ANGIE'S HOUSE, INC.

Article I

PURPOSES

This non-profit corporation is formed for philanthropic, charitable, educational, and scientific purposes, with its main objective being to provide transitional and temporary housing for homeless men, women, and children. To achieve this end, the corporation may do all things permitted by the laws of the State of Arizona for non-profit corporations, including dealing in, receiving, owning, leasing, renting, encumbering, trading, buying, selling, and acquiring interests in and to real property.

Article II

OFFICES

The principal office of the corporation in the State of Arizona shall be located in the County of Yavapai County, State of Arizona. The corporation may have such other offices, either within or without the State of Arizona, as the Board of Directors may determine or as the affairs of the corporation may require from time to time.

The corporation shall have and continuously maintain in the State of Arizona a registered office, and a registered agent whose office is identical with such registered office, as required by the Arizona Non-Profit Corporation Act. The registered office in the State of Arizona, and the address of the registered office may be, but need not be, identical with the principal office; and may be changed from time to time by the Board of Directors.



Article III

MEMBERS

Section 1. Classes of Members. The corporation shall have one class of members. The Board of Directors of the Corporation may, by appropriate resolution from time to time, define and establish auxiliaries, friends and other support groups for the Corporation. None of such auxiliaries, friends or groups or constituents thereof, shall have the rights and privileges of "members" as that term is defined in the Act.

Section 2. Election of Members. Members shall be elected by the Board of Directors. An affirmative vote of two-thirds of the Directors shall be required for election.

Section 3. Voting Rights. Each member shall be entitled to one vote on each matter to a vote of the members.

Section 4. Termination of Membership. The Board of Directors, by affirmative vote of two-thirds of all of the members of the Board, may suspend or expel a member for cause after an appropriate hearing, and may, by a majority vote of those present at any regularly constituted meeting, terminate the membership of any member who becomes ineligible for membership, or suspend or expel any member who shall be in default in the payment of dues for the period fixed in Article XII of these by-laws.

<u>Section 5. Resignation</u>. Any member may resign by filing a written resignation with the Secretary, but such resignation shall not relieve the member so resigning of the obligation to pay any dues, assessments or other charges theretofore accrued and unpaid.

Section 6. Reinstatement. Upon written request signed by a former member and filed with the Secretary, the Board of Directors may, by the affirmative vote of two-thirds of the members of the Board, reinstate such former member to membership upon such terms as the Board of Directors may deem appropriate.



<u>Section 7. Transfer of Membership</u>. Membership in this corporation is not transferable or assignable.

Article IV

MEETINGS OF MEMBERS

Section 1. Annual Meetings. There shall be an annual meeting of the members of the corporation on the second Monday in January of each year beginning with January of 2009 for the purpose of electing Directors, and for the transaction of such business as may come before the meeting. Notice of the Annual Meeting, stating the time and place, shall be published or sent by mail to the last known address of all members of the corporation at least ten (10) days prior to the meeting.

Section 2. Special Meetings. Special meetings of the members of the corporation shall be held whenever called by the Board of Directors. Notice of each Special Meeting, stating the time, place, and in general terms, the purposes thereof, shall be published or sent by mail to the last known address of all members of the Corporation at least ten (10) days prior to the meeting.

Section 3. Quorum. At any meeting of the members a quorum shall consist of the voting members present and a majority of those present shall be necessary to decide any question.

Section 4. Informal Action by Members. Any action required by law to be taken at a meeting of the members, or any action which may be taken at a meeting of the members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

Article V

DIRECTORS

Section 1. General Powers. The affairs of the corporation shall be managed by its Board of Directors.





Section 2. Number, Tenure and Qualifications. The number of Directors shall be no less than one (1) nor more than ten (10). Each Director shall hold office until the next annual meeting of members and until his successor shall have been elected and qualified.

Section 3. Regular Meetings. A regular annual meeting of the Board of Directors shall be held without other notice than this bylaw, immediately after, and at the same place as, the annual meeting of members. The Board of Directors shall also hold regular meetings at least once every three months for the transaction of the business of the corporation at such time and place as may be designated by the Board, unless cancelled by the President or by a vote of the Executive Committee, or unless there is no business to transact.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by the President, or by two (2) or more members of the Board of Directors, for any time and place, provided reasonable notice of such meeting shall be given to each member of the Board of Directors before the time appointed for such meeting. Reasonable notice shall mean forty-eight (48) hours.

Section 5. Quorum. A majority of the Directors of the Corporation shall constitute a quorum, and a majority of those present shall be necessary to decide any question which requires Board action.

Section 6. Voting by Telephone. In case of an emergency where time does not permit a meeting to be held, Directors may be canvassed and vote by telephone. The approval of a majority of Directors is required to decide any question.

Section 7. Vacancies on the Board. Whenever a vacancy shall occur on the Board of Directors, any of the remaining Directors shall recommend for appointment by the Board, a member to serve the unexpired term of the vacancy.

Section 8. Removal from the Board. Any Director may be removed by a majority vote of the Board of Directors, provided the members of the Board of Directors have received thirty (30) days notice of such proposed action.

Section 9. Minutes of Meetings. The Chairman of any meeting shall be responsible to see that minutes of the meeting are recorded in writing. Such minutes shall give an adequate explanation of all issues discussed, identify the maker and seconder of motions, and the results of all votes.

Article VI

OFFICERS

Section 1. Officers. The officers of the Corporation shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board), a Secretary, a Treasurer and such other officers as from time to time as the Board of Directors in its discretion, decides are necessary. Any two or more offices may be held by the same person, except the offices of Secretary and Treasurer.

Section 2. Election and Term of Office. The officers of the corporation shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

Section 3. Removal. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors if that officer ceases to be a member of the corporation or whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

<u>Section 4. Vacancies</u>. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. The President. The President shall be the Chief Executive Officer of the Corporation and shall be responsible for the achievement of objectives, attainment of goals, and the coordination of the various activities of the Corporation. The President shall act as Chairman at the meetings of the membership and shall perform such other duties as from time to time may be assigned to her or

him by the Board of Directors. The President shall be ex-officio a member of all committees. At the Annual Meeting of members, the President shall submit to the members of the corporation an annual report of the activities and the financial condition of the corporation. This report shall include an account of the financial transactions of the past year, as certified by the Treasurer and the Financial Review Committee. The President shall be a member of the Executive Committee.

Section 6. Vice President. In the President's absence or in the event of his inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order of their election) shall preside over meetings of the membership and perform all of the duties of President and such duties as may be assigned to her or him by the President. The Vice President shall be a member of the Executive Committee. Vice Presidents shall perform such duties as the Board of Directors may assign in their discretion.

Section 7. The Secretary. The Secretary shall keep the minutes of all proceedings of the Board of Directors, the meetings of the Officers and Executive Committee, and the minutes of the Annual Meetings. The Secretary shall have custody of the Corporate seal and such books and papers as the Board of Directors may direct. The Secretary shall in general perform all the duties incident to the office of the Secretary subject to the control of the Executive Committee.

Section 8. The Treasurer. The Treasurer shall have custody of all receipts, records of disbursements, funds and securities of the Corporation, and shall perform all duties incident to the office of Treasurer. The Treasurer shall provide a financial report to the membership or the Board of Directors when requested to do so and shall assist the President in the preparation and presentation of an annual report of the Corporation's financial condition to the membership with the assistance of the Financial Review Committee.

Article VII

COMMITTEES

Section 1. Executive Committee. The Executive Committee shall provide day-to-day supervision of the affairs of the Corporation under the management of the Board of Directors and the leadership of the President. The following Officers of the Corporation shall constitute the Executive Committee and each officer shall have a vote in determining the decisions of the Executive Committee: The President, Vice President, the Secretary, the Treasurer, and such other officers or directors appointed by the Board if necessary to avoid a deadlock.

The Executive Committee shall meet jointly with the Board of Directors as needed. The members of the Executive Committee are charged with the responsibility of achieving the objectives of the Corporation under the guidance of policies established by the Board of Directors. Issues and actions that require Corporate support shall be screened by the Executive Committee and referred to the Board of Directors for approval. Meetings of the Executive Committee can be called by the President or two other officers.

<u>Section 2. Quorum of the Executive Committee</u>. A quorum of the Executive Committee shall consist of a majority of the members of the Executive Committee. A majority of those present shall be necessary to decide any question which requires Executive Committee action.

Section 3. Committees. The members of the Executive Committee or the Board of Directors may from time to time appoint committees as they deem necessary in their discretion to assist the Corporation in achieving its stated goals and objectives. The members appointed to such committees shall continue to serve in that capacity until the objective or goal of the committee is accomplished or unless the member so appointed resigns.

Section 4. Term of Office. Each member of a committee shall continue as such until the next annual meeting of the members of the corporation and until his successor is appointed, unless the



committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member ceases to qualify as a member thereof.

Section 5. Chairman. One member of each committee shall be appointed chairman thereof by the person or persons authorized to appoint the members thereto.

Section 6. Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointment.

<u>Section7. Rules</u>. Each committee may adopt rules for its own government not inconsistent with these by-laws or with rules adopted by the Board of Directors.

Article VIII

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

<u>Section 1. Contracts</u>. The Board of Directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these by-laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 3. Deposits. All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of Directors may select.

<u>Section 4. Gifts</u>. The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the corporation.

Article IX

CERTIFICATES OF MEMBERSHIP

Section 1. Certificates of Membership. The Board of Directors may provide for the issuance of certificates evidencing membership in the corporation, which shall be in such form as may be determined by the Board. Such certificates shall be signed by the President or a Vice President and by the Secretary of Assistant Secretary and shall be sealed with the seal of the corporation. All certificates evidencing membership of any class shall be consecutively numbered. The name and address of each member and the date of issuance of the certificate shall be entered on the records of the corporation. If any certificate shall become lost, mutilated or destroyed, a new certificate may be issued therefor upon such terms and conditions as the Board of Directors determine.

Section 2. Issuance of Certificates. When a member has been elected to membership and has paid any initiation fee and dues that may then be required, a certificate of membership shall be issued in his name and delivered to him by the Secretary, if the Board of Directors shall have provided for the issuance of certificates of membership under the provisions of Section 1 of this Article IX.

X.

BOOKS AND RECORDS

The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Members, Board of Directors and Committees having any of the authority of the Board of Directors, and shall keep at its registered or principal office a record giving the names and addresses of the members entitled to vote. All books and records of the corporation may be inspected by any member, or his agent or attorney, for any proper purpose at any reasonable time.



XI.

COMPENSATION

The Board of Directors shall have the power to authorize and pay such compensation to employees of the Corporation as the Board of Directors may deem to be in the best interest of the Corporation, provided, however, no member of the Board of Directors and no Officer of this Corporation shall receive any compensation either for services performed as an officer or as a member of this Board of Directors.

XII.

FISCAL YEAR

The fiscal year of the corporation shall begin on the first day of January and end on the last day of December in each year.

XIII.

CORPORATE SEAL

. The corporate seal shall remain in the custody of the Secretary and shall be affixed by that person to all instruments in writing and requiring the corporate seal for complete execution.

XV

WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the Arizona Non-Profit Corporation Act or under the provisions of the articles of incorporation of the By-laws of the corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

XV.

AMENDMENTS

The By-Laws of this corporation may be amended, altered, or repealed by the affirmative vote of a majority of the Directors present at any regular meeting or at any special meeting, duly called and

noticed in writing stating the intention to alter, amend or repeal, or to adopt new by-laws at such meeting.

KNOWN ALL PERSONS BY THESE PRESENTS:

The undersigned Secretary of ANGIE'S HOUSE, INC., a non-profit Arizona corporation, does hereby certify that the existing By-Laws of said Corporation were duly adopted at a meeting of the Board of Directors as the By-Laws of the Corporation and the same do now constitute the By-Laws of this Corporation.

ANGELA M. LOZANO, President/Secretary

Angie's House, Inc. Budget

2016

Program Fees		125,000
	Total	125,000
Housing		73,000
Utilities		36,000
Repairs/maintenance	е	24,000
Supplies		12,000
Professional fees		5,000
Auto		6,000
Telephone		5,500
Legal		10,000
	Total	171,500
		
	Shortfall	<u>(46,500)</u>

Angie's House, Inc.

Year ending 12/31/2015

Program Fees		175,213
_	Total	175,213
Housing		73,351
Utilities		36,149
Repairs/maintenanc	е	24,002
Supplies		11,819
Professional fees		4,770
Auto		5,903
Telephone		5,364
Legal		10,995
	Total	172,354
	Surplus	2,859

CITY OF COTTONWOOD

BUILDING COMMUNITY GRANT APPLICATION COVER SHEET FISCAL YEAR 2017 NOTE: APPLICANTS MUST COMPLETE THIS COVER SHEET AND ATTACH THE GRANT PROPOSAL IN THE FORMAT DESCRIBED HEREIN.

Legal Name and Address of Applicant(s):
Adopt A VET, INC
Adopt A VET, INC 1255-64st
Cottonwood, AZ 86326
Business Registration Number:
Type of Organization of Applicant:(check one) Private Non-Profit
Other (briefly explain legal structure of the organization)
Describe the function or purpose of the applicant organization.

The specific charitable and public purposes for which the Corporation is organized are exclusively to benefit and support Adopt A Vet, Inc. an Arizona nonprofit public benefit corporation, and its purpose in accordance with Section 501(c)(3) of the Internal Revenue Code by (1) providing affordable and transitional housing for low income Veterans or others in need, where no adequate housing exists, for such groups, (2) providing decent, safe, and sanitary housing for low income Veterans or other low income individuals or families where no adequate housing exists for such groups, or for low income Veterans or others who are homeless or in imminent danger of homelessness, or who are displaced from urban renewal areas as a result of government action, or a major disaster, (3) Providing training and educational resources for basic life skills for Veterans or others in need of skills, (4) Providing job training, skills and placement for Veterans or others in need.

Contact perso	n information:
Name:	Jenise Nyquist
Title:	Vice President
Address:	125 5.64 St. /P.O. Box 148 Cottonwood, AZ 86326
Phone:	928-284-2022 or 928-821-1071
Email:	jenise @ vetraplex org

Proposal Format:

Narrative proposals shall be attached to this application sheet following the format described below.

- A Letter of Introduction. Introduce the applicant organization(s), briefly describing the mission and history in the community of the organization. (maximum 1 page)
- Community Need. Describe and document the community need that you have identified to meet with this grant application proposal. (maximum 3 pages)
- Grant Proposal. Provide a detailed narrative description of the service, project, or program that you are proposing to meet this community need. At minimum, address the following questions in the proposal: (maximum 5 pages)
 - o Amount of grant request.
 - Ability to meet the stated need through the design of the service, project, or program.
 - Why is this grant necessary or an appropriate source of revenue to meet this need?
 - o Ability of the organization to complete the program as designed.
 - Project timeline.
 - o Project budget.
- Expected Outcomes. If awarded the grant, describe the expected outcomes of the program, and how those outcomes will be measured. (maximum 1 page)
- Project Team. Identify the people involved in the program, their role within the program, and their time allocation to the program. (maximum 1 page)
- Addendum. Attach an addendum to the proposal to include the following:
 - o If incorporated, Articles of Incorporation. Operating by-laws.
 - Current budget for the organization.
 - Most recent end of year financial statement for the organization.
 - o Any other information about the organization you would want to include.

March 30, 2016

City of Cottonwood Attn: Jeff Cook, Purchasing Agent 816 N. Main Street Cottonwood, AZ 86326

Dear Mr. Cook,

This letter is to introduce Adopt A Vet, Inc. A non-profit organization recently formed whose mission is to provide transitional housing to homeless Veterans as well as providing training and income opportunity to further improve quality of life with the goal to once again become independent and an active participant in our community.

Adopt A Vet, Inc. was developed from a history of helping Veterans by Director/Officer Gary Rideout. We have attached an additional narrative letter under Addendums for further explanation of the history and experience behind Adopt A Vet, Inc.

We are located at 125 S. 6th Street in Cottonwood and can be reached at (928) 284-2022. By email at gary@vetraplex.org and jenise@vetraplex.org.

Thank you for your time and consideration of our request.

Sincerely,

vice President Adopt A Vet, Inc.



Community Need

As of March 30 2016, there are no homeless shelters anywhere in the Verde Valley. No affordable housing plan in Yavapai County currently exists. The county is also lacking a Housing Authority. With that in mind, there are more than 55,000 Veterans living in Northern Arizona. Twenty percent of these Veterans are unemployed. Thirty-seven percent of Veterans need funding assistance for housing. And 23% of the homeless population are Veterans. In a 2015 survey of Verde Valley residents, 77% agreed there is a strong need for a homeless shelter and an increase in local affordable housing.

Most returning Veterans struggle with the transition to civilian life. At Adopt A Vet Inc, we have witnessed firsthand that providing Veterans with employment, shelter and an positive environment is the most immediate and successful way to reverse the trends of chronic unemployment and homelessness. With zero homeless shelters in the area and limited resources for affordable housing, Adopt A Vet Inc is at the vanguard in getting Veterans employed and off the streets.

Grant Proposal

Adopt A Vet, Inc. is purchasing a 3118 sf, horseshoe shaped, slump block building located at 125 S. 6th Street in Cottonwood, Arizona. The facility will be used for transitional housing for homeless Veterans as well as emergency shelter for anyone in need based on availability. The building is currently owned and occupied by the office of Vetraplex – Vets4Hire providing training and jobs for unemployed Veterans. The office for employment will remain in the building as well as a computer/training room for education and job placement services. This, of course, is also the office of Adopt A Vet, Inc.

The housing part of the building will consist of four private sleeping/living areas with 2 shared full baths, a laundry area and a large community kitchen/living area. There will also be a separate sleeping/living area with its own entrance from the courtyard and two half baths off the courtyard area. Any of the five sleeping/living rooms could double up to sleep more than one.

The building is located across from the Cottonwood Public Library, the Cottonwood Recreation Center, the Cottonwood Community Health Clinic, the Cottonwood Area Transit system bus stop and one mile from the VA Medical Clinic, making its intended use ideal for its location.

The City of Cottonwood is in full support of the project, and has waived the conditional use and building permit fees for the facility. We expect to be in full operation in September 2016.

The purchase price of the building is \$305,000. The amount budgeted to complete the renovation is \$73,100. The expected method of procurement to purchase and rehab the building for its expected use is funding from the USDA Commercial Loan Program and Facilities Management Grant. Some of the rehab work has already begun, funded by Vetraplex Vets4Hire. The Facilities Management Grant from USDA is a grant to provide Solar Panels on the building. We have applied for both the financing and the grant through USDA and have received very positive feedback from Jeff Hayes, Acting State Director for USDA. They expect to finish both underwriting and approval as well as the funding process no later than July 1, 2016.

We are requesting \$15,000 from the Building Community Grant Program. This grant money is appropriate for our project as it will be used to subsidize rent for two Veterans for 12 months or four Veterans for 6 months.

Please see project budget attached.

USDA-RD Form RD 442-7 (Rev. 3-02)

Position 3

OPERATING BUDGET

Form Approved OMB No. 0575-0015 OMB No. 0572-0137

Schedule 1

					Schedule I
Name Adopt A Vet		Address	6th St	Cottonwood	
Applicant Fiscal Year		County		State (Includin	ng ZIP Code)
From 01-31	To 12-31	Yavapa	i	Ariona 86326	
	20	20	20	20 16	First Full Year
OPERATING INCOME	(1)	(2)	(3)	(4)	(5)
Shelter Rental	\$0.00	\$0.00	\$0.00	\$9,000.00	\$32,400.00
2. Assigned Franchise Fees	\$0.00	\$0.00	\$0.00	\$9,000.00	\$18,000.00
3. Donations (Vetraplex)	\$0.00	\$0.00	\$0.00	\$7,000.00	\$15,000.00
4.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. Miscellaneous	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6. Less: Allowances and Deductions	(\$0.00)	(\$0.00)	(\$0.0)	(\$0.00)	(\$0.00)
7. Total Operating Income (Add Lines 1 through 6)	\$0.00	\$0.00	\$0.00	\$25,000.00	\$65,400.00
OPERATING EXPENSES					
8. Legal, Audit, Ads				\$1,000.00	\$1,200.00
9. Utilities				\$2,500.00	\$5,350.00
10. Supplies				\$1,000.00	\$2,000.00
11. Salaries				\$5,000.00	\$20,000.00
12. Ins. Pest, Maintenance				\$2,500.00	\$4,500.00
13. Reserves				\$2,000.00	\$4,500.00
14					
15. Interest (RD) Estimated				\$9,000.00	\$17,500.00
16. Depreciation					
17. Total Operating Expense (Add lines 8 through 16)	\$0.00	\$0.00	\$0.00	\$23,000.00	\$55,050.00
18. NET OPERATING INCOME	\$0.00	\$0.00	\$0.00	\$2,000.00	\$10,350.00
(LOSS) (Line 7 less 17) NONOPERATING INCOME		į			
NONOPERATING INCOME					
19					
20					
21. Total Nonoperating Income (Add Lines 19 and 20)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
22. NET INCOME (LOSS) (Add Lines 18 and 21) (Transfer to Line A Schedule 2)	\$0.00	\$0.00	\$0.00	\$2,000.00	\$10,350.00
to Line /1 Ochedine 2)		Pudget of	nd Projected Cash F	low Approved by G	loverning Rody

Attest:		
<i>l</i>	Secretary	Date /
Harry 1	Sideou D	2/24/16
	Appropriate Official	Dute

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponser, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 05754015 and 0572413. The time required to complete this information collection is estimated to average 5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Schedule 2

PROJECTEI	CASH FL	ow			
	20	20	20	20 16	First Full Year
Line 22 from Schedule 1 Income (Loss)	\$0	\$0	\$0	\$2,000	\$10,350
Add					
Items in Operations not Requiring Cash:	1				l
1. Depreciation (Line 16, Schedule 1)	\$0	\$0	\$0	\$0	\$0
2. Others:					
Cash Provided from:					
1. Proceeds from RD loan/grant				\$486,400	
2. Proceeds from others				\$10,100	
3. Increase (Decrease) in Accounts Payable, Accruals and other Current Liabilities				\$10,200	
4. Decrease (Increase) in Accounts Receivable, inventories and Other Current Assets (Exclude Cash)				\$0	
5. Other:		'			
6.					
Total all A, B and C Items	\$0	<u>\$0</u>	\$0	\$498,500	\$10,350
Less: Cash Expended for:]	1			
All Construction, Equipment and New Capital Items (Loan and grant funds)				\$496,500	
2. Replacement and Additions to Existing Property, Plant and Equipment				- 430,300	
3. Principal Payment RD Loan				\$2,000	\$4,387
4. Principal Payment Other Loans					
5. Other:					
6. Total E 1 through 5 Add	\$0	\$0	\$0	\$498,500	\$4,387
Beginning Cash Balances					
Ending Cash Balances (Total of D minus E 6 plus F)	\$0	\$0	\$0	\$0	\$5,963
n G Cash Balances Composed of:					
Construction Account		1		1	
Revenue Account]	\$1,463
Debt Payment Account					337.55
O&M Account					
Reserve Account				I.	\$2,500
Funded Depreciation Account					\$2,000
Others:					
al - Agrees with Item G	\$0	30		\$0	\$5,963
al - Agrees with Item G	<u> </u>	30	30	şc	





15-Year Operating Pro Forma: Rental Projects
Version 3.7 Updated 8/4/09

Project Name			Total Units			Project Based Rental Subsidy (Indicate "Yes" or "No")						
Income Assumptions	Rate of Increase		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Residential Rents-Restricted Income			26,388	26,388	26,388	26.388	26.388	26,388	26,388	26,388	26.388	26,388
Gross Residential Rents-Restricted Income Units Subsidy				2,412	2,412	2,412	2,412	2,412	2,412	2,412	2,412	2,412
Gross Residential Rents-Non-restricted Inco	2,412			-	-				-	-		
Less Vacancy	% of Gross Rents =	15.0%	(4,320)	(4,320)	(4,320)	(4,320)	(4,320)	(4,320)	(4,320)	(4,320)	(4,320)	(4,320)
Scheduled Commercial Rents							-	-	-			-
Less Vacancy % of Gross Rents =				-		-	•			- D		-
Laundry, Parking				-		- 10	- 1	-	-	- 1	•	
Other franchise fees			18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Other Cash Donatoins			10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total Effective Gross Income			52,480	52,480	52,480	52,480	52,480	52,480	52,480	52,480	52,480	52,480
Expense Assumptions	Rate of Increase		1									
Management Fee	Dollars per Unit/Mo. =			- U		-	- V - U	-	-	-		-
Legal & Audit			1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Advertising			200	200	200	200	200	200	200	200	200	200
Gas & Electric			2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Water, Sewer, Waste Removal			1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Supplies			1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Payroll			20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Insurance			2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Pest Control			500	500	500	500	500	500	500	500	500	500
Maintenance / Repair			2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Operating Reserves	Dollars per Unit = \$	400	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Replacement Reserves	Dollars per Unit = \$	400	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Real Estate Taxes (exempt if in CA)			100	100	100	100	100	100	100	100	100	100
Local & State Assessments				-	_	-	-	-			-	
Partnership Management Fee (tax credits o	nly)		-	-	-	-	-	-	-		- 1	- 10
Other Office Supplies			500	500	500	500	500	500	500	500	500	500
Other				-		-	-	-	-		-	-
Other				-	-	-	-	-	-		-	-
Other						-	-	-	-	-	-	-
Total Expenses	Operating Cost/Unit	\$ 7,300	36,500	36,500	36,500	36,500	36,500	36,500	36,500	36,500	36,500	36,500
Net Operating Income			15,980	15,980	15,980	15,980	15,980	15,980	15,980	15,980	15,980	15,980
Debt Service (Hard Debt Only from S&U Statement)			15,046	15,046	15,046	15,046	15,046	15,046	15,046	15,046	15,046	15,046
Debt Service Coverage Ratio			1.062	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06
Cash Flow			934	934	934	934	934	934	934	934	934	934
Residual Receipts Payment to												
Residual Receipts Payment to												
Operating Grant												
Operating Grant												
Net Cash Flow			934	934	934	934	934	934	934	934	934	934



Net Cash Flow

Submitted late

934

934

↑ FHLBank San Francisco

15-Year Operating Pro Forma: Rental Projects
Version 3.7 Updated 8/4/09

Income Assu	mntions	Rate of Increase		Year 11	Year 12	Year 13	Year 14	Year 15
	tial Rents-Restricted Income	26,388	26,388	26,388	26,388	26,388		
Gross Residential Rents-Restricted Income Units Subsidy					2,412	2,412	2,412	2,412
	tial Rents-Non-restricted Inc	2,412	- 1	-	-			
Less Vacancy	/	(4,320)	(4,320)	(4,320)	(4,320)	(4,320)		
Scheduled Com	nmercial Rents	-			wie z e			
Less Vacancy		% of Gross Rents =		-	-	-	-	-
Laundry, Parkir				-	-			-
Other	franchise fees			18,000	18,000	18,000	18,000	18,000
Other	Cash Donatoins	10,000	10,000	10,000	10,000	10,000		
Total Effec	ctive Gross Income			52,480	52,480	52,480	52,480	52,480
Expense Ass	sumptions	Rate of Increase		1				
Management F	ee	Dollars per Unit/Mo. =		Marine - 1		-		
Legal & Audit				1,000	1,000	1,000	1,000	1,000
Advertising				200	200	200	200	200
Gas & Electric				2,400	2,400	2,400	2,400	2,400
Water, Sewer, 1	Waste Removal			1,800	1,800	1,800	1,800	1,800
Supplies				1,000	1,000	1,000	1,000	1,000
Payroll				20,000	20,000	20,000	20,000	20,000
Insurance				2,500	2,500	2,500	2,500	2,500
Pest Control				500	500	500	500	500
Maintenance / I	Repair			2,500	2,500	2,500	2,500	2,500
Operating Rese		Dollars per Unit =	\$ 400	2,000	2,000	2,000	2,000	2,000
Replacement R		Dollars per Unit =		2,000	2,000	2,000	2,000	2,000
	xes (exempt if in CA)			100	100	100	100	100
Local & State A				_				
	nagement Fee (tax credits of	only)		_		-	_	
Other	Office Supplies	//		500	500	500	500	500
Other				-		- 6	-	-
Other					-		-	-
Other							-	
Total Expe	enses	Operating Cost/Unit	\$ 7,300	36,500	36,500	36,500	36,500	36,500
Net Operating Income					15,980	15,980	15,980	15,980
Debt Service (Hard Debt Only from S&U Statement)					15,046	15,046	15,046	15,046
Debt Service Coverage Ratio					1.06	1.06	1.06	1.06
Cash Flow				934	934	934	934	934
Residual R	Receipts Payment to							
	Receipts Payment to							
Operating								
Operating								
operating								

934

934

934



Submitted late Sources & Uses of Funds: Rental Projects Version 3.7 Updated 8/4/09

Residential Square Footage Tax Credit Sales Price Project Name Total Units 5

Indicate "Yes" or "No"				Sources of Financing (Enter additional sources below)							
New Construction?		Uses of	AHP		LIHTC	11004		101/			
Rehab?		Funds	Requested	Owner Equity	Proceeds	USDA	Vetraplex	ADV			(Must = 0)
LAND COST/ACQUISIT	TION	7-00-0				L					
Land Cost	HON	305,000				305,000					-
Demolition		305,000				303,000					
Legal											-
Total Land Cost		305,000				305,000					
Existing Improvements		2,500				2,500					-
Off-Site Improvements		2,500				2,500					-
Total Land & Acquisi	tion Costs	307,500	- N			307,500	-				-
NEW CONSTRUCTION		307,300			-	307,300	Control of the Contro			the state of the state of	
Site Work	/ REMAD									Τ	
Structures		71,300				71,300					
General Requirements		71,300				71,500					-
Contractor Overhead	and the same of th										
Contractor Profit											-
				-		-				-	
Prevailing Wages											-
General Liabilities Insur											-
Environmental Remedia	ation										-
Hard Cost Contingency											-
Total New Construc		71,300		-		71,300		-	-	- 1 S	-
ARCHITECTURAL FEE	S										
Design						1					-
Supervision											-
Survey & Engineering										1	-
	& Engineering Costs	-		-							
CONSTRUCTION INTE		-									
										Т	
Construction Loan Inter-	est										
Origination Fee											-
Credit Enchancement &	Application Fee										-
Bond Premium											-
Taxes		600					600				-
Insurance											-
Title & Recording											
Total Construction	Interest & Fees	600	Proceedings of the second				600				
PERMANENT FINANCI		000					000				
Loan Origination Fee	ino		r			T				Γ	
	A - W - W - F										
Credit Enhancement & /	Application Fee										-
Title & Recording											-
	Contingency	8,000					8,000				-
Total Permanent Fir	nancing Costs	8,000	-	-	-	-	8,000	-	-	-	-
LEGAL FEES											
Lender Legal Paid by A	pplicant										
	Appraisel-Legal-other	1,500					1,500				
Total Attorney Cost		1,500	-	-	-	-	1,500	-		-	-
RESERVES				1		1					
Rent Reserves			-							I	-
Operating Reserves											
Replacement Reserves											
Total Reserve Costs							-	-			-
OTHER PROJECT COS	STS										•
TCAC Application/Alloc	ation/Monitoring Fees									1	1
Environmental Audit	and the state of t										
Local Development Imp	art Fees										-
Permit Processing Fees		926					926				-
Capital Fees		020					- 520				-
Marketing										 	-
Furnishings		15,000				15,000				 	-
T difficility d		10,000				10,000					



Submitted late Sources & Uses of Funds: Rental Projects

Project Name		Total Units	5	Residential So	quare Footage			Tax Credit S	ales Price	
Indicate "Yes" or "No"					Sources of Fi	nancing (Ente	r additional e	nurces below		
New Construction?	Uses of	AHP	0.000	LIHTC				Juices below)	Τ	
	Funds	Requested	Owner Equity	Proceeds	USDA	Vetraplex	ADV			(Must = 0)
Rehab?	i ujida	Requested		Flocecus						
OTHER PROJECT COSTS (continued)		Г	T					T	T	
Appraisal								-		-
Market Study										-
Relocation Expenses										-
Soft Cost Contingency	25.100				05.400					-
Other Solar-appliances-rack-security	65,100				65,100	200				-
Total Other Costs	81,026	9	-		80,100	926		•	-	-
DEVELOPER COSTS										
Developer Fee (includes Project Administration)								-		-
Consultant/Processing Agent										-
Broker Fees Paid with Project Funds to a Related Party										-
Construction Management Oversight										-
Other										-
Total Developer Costs	-		-		-		-	•	-	-
SYNDICATION (Investor & General Partner)										
Organizational Fee										•
Bridge Loan Fees/Expenses										-
Legal Fees										-
Consultant Fees										•
Accountant Fees										
Tax Opinion										-
Other										-
Total Syndication Costs		- 1	-		-			-	-	-
Total Residential Development Costs	400 000				450,000	44 000			_	
Total Commercial Development Costs	469,926	•	•	•	458,900	11,026	•	•	•	-
Grand Totals Sources and Uses	400.000				450,000	44.000				-
Grand Totals Sources and Uses	469,926	-	•	-	458,900	11,026	-	-	-	Name of the last
	Loan, g	rant, or equity?	Equity	Equity						
		•		-						7
			If loan, soft	or hard debt?						J
If hard debt, complete all req	uired cells									7
				Loan Term	40					
		Lo	an Amortization	Period (years)	40					
					4.00%					
	Initial Loan Rate Assumption				4.00%					+
		Loan Pricing	Index and Basis	s Point Spread						
	Annu	al Debt Service	(year 1) (calculate	for hard debt only)	\$ 23,015	s -	s -	s -	s -	\$ 23,015
	Zillie	2021 001 1100	() - wi i / (ouroulate	, iai a dobt offly)	20,010					20,010
			Loan Adjusti	ment Period(s)						
									7	
	Loan Adjustment Caps (basis points)									
									7	
Balloon Payments (term year)									-	
Special Terms?										
Status of Financing Commitment (N = Not Approved, R = Requested, A = Approved)										
Ctatus of Elegander Comm	itment AL - II-	ancound D - Da-	seted A = A ======		1					1

- 1. Capitalized operating reserves cannot be paid for by AHP subsidy or by conventional financing. If the capitalized operating reserves (including rent and transition reserves) exceed the benchmark and the application is approved for AHP subsidy, documentation must be provided at time of project completion to support the deviation from the capitalized operating reserve benchmark.
- 2. Do not include non-cash donations of labor, materials, or land as source of funding or use of funds.
- 3. Hard debt defined as contractually obligated debt requiring repayment from project operating cash flow, excluding residual receipts-based loans.
- 4. Do not include capitalized social service start-up or in-service reserves.

Expected Outcomes

The expected outcomes of our program are as follows:

- •Our project will be the first homeless shelter-transitional housing, located in Cottonwood and the Verde Valley.
- •Our project will house Veterans in our community that are currently homeless or at risk of becoming homeless.
- •Our project will provide emergency shelter for non Veterans, as well.
- All grant monies, if awarded, will be used for rental subsidies for those that can't afford to pay.
- Reduced burden on the City of Cottonwood staff and resources pertaining to the homeless issues in the Verde Valley.
- •Our project will create more jobs, stimulating our local economy.

Project Team

Gary Rideout-Director/President -20 Hrs week

Jenise Nyquist- Vice President -20 Hrs Week

USDA Rural Development-Jeff Hays-Grant & funding

Home Depot-5 Stores/material donations and Volunteers for construction-Steve Machek-Manager

VETS4HIRE Staff-Construction-20Hrs week

Eric Hawley-On site manager-40 Hrs week

Volunteers-20 Hrs a week

Addendum

Submitted late NON-PROFIT BYLAWS OF ADOPT A VET, INC.

<u>PREAMBLE</u>

The following Bylaws shall be subject to, and governed by, the Non-Profit Corporation Act of Arizona and the Articles of Incorporation of Adopt A Vet, Inc.. In the event of a direct conflict between the herein contained provisions of these Bylaws and the mandatory provisions of the Non-Profit Corporation Act of Arizona, said Non-Profit Corporation Act shall be the prevailing controlling law. In the event of a direct conflict between the provisions of these Bylaws and the Articles of Incorporation of Corporation, it shall then be these Bylaws which shall be controlling.

ARTICLE 1 – NAME

The legal name of the Non-Profit Corporation shall be known as Adopt A Vet, Inc., and shall herein be referred to as the "Corporation."

ARTICLE 2 – PURPOSE

The general purposes for which this Corporation has been established are as follows:

The purpose for which the Non-Profit Corporation is formed is set forth in the attached Articles of Incorporation of Exhibit "A."

The Corporation is established within the meaning of IRS Publication 557 Section 501(c)(3) Organization of the Internal Revenue Code of 1986, as amended (the "Code") or the corresponding section of any future federal tax code and shall be operated exclusively for providing affordable, transitional and emergency housing for veterans and our community in need including life skills, training and job placement services..

In addition, this Corporation has been formed for the purpose of performing all things incidental to, or appropriate in, the foregoing specific and primary purposes. However, the Corporation shall not, except to an insubstantial degree, engage in any activity or the exercise of any powers which are not in furtherance of its primary non-profit purposes.

The Corporation shall hold and may exercise all such powers as may be conferred upon any nonprofit organization by the laws of the State of Arizona and as may be necessary or expedient for the administration of the affairs and attainment of the purposes of the Corporation. At no time and in no event shall the Corporation participate in any activities which have not been permitted to be carried out by a Corporation exempt under Section 501(c) of the Internal Revenue Code of 1986 (the "Code").

ARTICLE 3 – OFFICES

The principal office of the Corporation shall be located at 125 S. 6th St., Cottonwood, Arizona 86326.

The Corporation may have other such offices as the Board of Directors may determine or deem necessary, or as the affairs of the Corporation may find a need for from time to time.

ARTICLE 4 – DEDICATION OF ASSETS

The properties and assets of the Corporation are irrevocably dedicated to and for non-profit purposes only. No part of the net earnings, properties, or assets of this Corporation, on dissolution or otherwise, shall inure to the benefit of any person or any member, director, or officer of this Corporation. On liquidation or dissolution, all remaining properties and assets of the Corporation shall be distributed and paid over to an organization dedicated to non-profit purposes which has established its tax-exempt status pursuant to Section 501(c) of the Code. Vetraplex Vets4Hire has first right of refusal to purchase all assets including improved real estate at fair market value.

<u>ARTICLE 5 – BOARD OF DIRECTORS</u>

General Powers and Responsibilities

The Corporation shall be governed by a Board of Directors (the "Board"), which shall have all the rights, powers, privileges and limitations of liability of directors of a non-profit corporation organized under the Non-Profit Corporation Act of Arizona. The Board shall establish policies and directives governing business and programs of the Corporation and shall delegate to the Executive Director and Corporation staff, subject to the provisions of these Bylaws, authority and responsibility to see that the policies and directives are appropriately followed.

Number and Qualifications

The Board shall have up to 8, but no fewer than 4, Board members. The number of Board members may be increased beyond 8 members or decreased to less than 4 members by the affirmative vote of a two-thirds majority of the then serving Board of Directors. A Board member need not be a resident of the State of Arizona.

In addition to the regular membership of the Board, representative of such other organizations or individuals as the Board may deem advisable to elect shall be *Ex-Officio Board Members*, which will have the same rights and obligations, including voting power, as the other directors.

Board Compensation

The Board shall receive no compensation other than for reasonable expenses. However, provided the compensation structure complies with Sections relating to "Contracts Involving Board Members and/or Officers" as stipulated under these Bylaws, nothing in these Bylaws shall be construed to preclude any Board member from serving the Corporation in any other capacity and receiving compensation for services rendered.

Board Elections

The Governance Committee shall present nomination for new and renewing Board members at the board meeting immediately preceding the beginning of the next fiscal year. Recommendations from the Governance Committee shall be made known to the Board in writing before nominations are made and voted on. New and renewing Board members shall be approved by unanimously of those Board members at a Board meeting at which a quorum is present.

Term of Board

All appointments to the Board shall be for a term of 2 year(s). No person shall serve more than 5 consecutive terms unless a majority of the Board, during the course of a Board meeting at which a quorum is present, votes to appoint a Board member to 2 additional year(s). No person shall serve more than 5 consecutive years. After serving the maximum total number of consecutive years on the Board, a member may be eligible for reconsideration as a Board member after 1 years have passed since the conclusion of such Board member's service.

Vacancies

A vacancy on the Board of Directors may exist at the occurrence of the following conditions:

- a) The death, resignation, or removal of any director;
- b) The declaration by resolution of the Board of a vacancy in the office of a director who has been declared of unsound mind by a final order of court, convicted of a felony, found by final order or judgment of any court to have breached a duty pursuant to the Corporation Code and/or Act of the law dealing with the standards of conduct for a director, or has missed 3 consecutive meetings of the Board of Directors, or a total of 5 meetings of the Board during any one calendar year;
- c) An increase in the authorized number of directors; or
- d) The failure of the directors, at any annual or other meeting of directors at which director(s) are to be elected, to elect the full authorized number of directors.

The Board of Directors, by way of affirmative vote of a majority of the directors then currently in office, may remove any director without cause at any regular or special meeting, provided that the director to be removed has been notified in writing in the manner set forth in Article 5 – Meetings that such action would be considered at the meeting.

Except as provided in this paragraph, any director may resign effective upon giving written notice to the chair of the Board, the president of Corporation, the secretary of Corporation, or the Board of Directors, unless the notice specifies a later time for the effectiveness of the resignation. If the resignation is effective at a future time, a successor may be designated to take office when the resignation becomes effective. Unless the Attorney General of Arizona is first notified, no director may resign when the Corporation would then be left without a duly elected director in charge of its affairs.

Any vacancy on the Board may be filled by vote of a two-thirds majority of the directors then in office, whether or not the number of directors then in office is less than a quorum, or by vote of a sole remaining director. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

A Board member elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.

Resignation

Each Board member shall have the right to resign at any time upon written notice thereof to the Chair of the Board, Secretary of the Board, or the Executive Director. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof, and the acceptance of such resignation shall take effect

upon receipt thereof, and the acceptance of such resignation shall not be necessary to make it effective.

Removal

A Board member may be removed, with or without cause, at any duly constituted meeting of the Board, by the affirmative vote of a two-thirds majority of then-serving Board members.

Meetings

The Board's regular meetings may be held at such time and place as shall be determined by the Board. The Chair of the Board or any 4 regular Board members may call a special meeting of the Board with 7 days' written notice provided to each member of the Board. The notice shall be served upon each Board member via hand delivery, regular mail, email, or fax. The person(s) authorized to call such special meetings of the Board may also establish the place the meeting is to be conducted, so long as it is a reasonable place to hold any special meeting of the Board.

Minutes

The Secretary shall be responsible for the recording of all minutes of each and every meeting of the Board in which business shall be transacted in such order as the Board may determine from time to time. However, in the event that the Secretary is unavailable, the Chair of the Board shall appoint an individual to act as Secretary at the meeting. The Secretary, or the individual appointed to act as Secretary, shall prepare the minutes of the meetings, which shall be delivered to the Corporation to be placed in the minute books. A copy of the minutes shall be delivered to each Board member via either regular mail, hand delivered, emailed, or faxed within 14 business days after the close of each Board meeting.

Quorum

At each meeting of the Board of Directors or Board Committees, the presence of 7 persons shall constitute a quorum for the transaction of business. If at any time the Board consists of an even number of members and a vote results in a tie, then the vote of the Chair of the Board shall be the deciding vote. The act of the majority of the Board members serving on the Board or Board Committees and present at a meeting in which there is a quorum shall be the act of the Board or Board Committees, unless otherwise provided by the Articles of Incorporation, these Bylaws, or a law specifically requiring otherwise. If a quorum is not present at a meeting, the Board members present may adjourn the meeting from time to time without further notice until a quorum shall be present. However, a Board member shall be considered present at any meeting of the Board or Board Committees if during the meeting he or she is present via telephone or web conferencing with the other Board members participating in the meeting.

Voting

Each Board member shall only have one vote.

Proxy

Board members shall not be allowed to vote by written proxy

Board Member Attendance

An elected Board Member who is absent from 3 consecutive regular meetings of the Board during a fiscal year shall be encouraged to reevaluate with the Chair of the Board his/her commitment to the Corporation. The Board may deem a Board member who has missed 3 consecutive meetings without such a reevaluation with the Chair to have resigned from the Board.

ARTICLE 6 – OFFICERS

Officers and Duties

The Board shall elect officers of the Corporation which shall include a Chair of the Board (Chief Executive Officer), President (Executive Director), Vice President, a Secretary, a Treasurer (Chief Financial Officer), and such other officers as the Board may designate by resolution. The same person may hold any number of offices, except that neither the Secretary nor the Treasurer may serve concurrently as the Chair of the Board or the President. In addition to the duties in accordance with this Article, officers shall conduct all other duties typically pertaining to their offices and other such duties which may be required by law, Articles of Incorporation, or by these bylaws, subject to control of the Board of Directors, and they shall perform any other such additional duties which the Board of Directors may assign to them at their discretion.

The officers will be selected by the Board at its annual meeting, and shall serve the needs of the Board, subject to all the rights, if any, of any officer who may be under a contract of employment. Therefore, without any bias or predisposition to the rights of any officer that may be under any contract of employment, any officer may be removed with or without cause by the Board. All officers have the right to resign at any time by providing notice in writing to the Chair of the Board, President, and/or Secretary of the Corporation, without bias or predisposition to all rights, if any, of the Corporation under any contract to which said officer is a part thereof. All resignations shall become effective upon the date on which the written notice of resignation is received or at any time later as may be specified within the resignation; and unless otherwise indicated within the written notice, a stated acceptance of the resignation shall not be required to make the resignation effective.

Any and all vacancies in any office because of death, resignation, disqualification, removal, or for any other cause, shall be filled in accordance to the herein prescribed bylaws for regular appointments to such office. The compensation, if any, of the officers shall be fixed or determined by resolution of the Board of Directors.

Chair of the Board (Chief Executive Officer)

It shall be the responsibility of the Chair of the Board, when present, to preside over all meetings of the Board of Directors and Executive Committee. The Chair of the Board is authorized to execute, in the name of the Corporation, any and all contracts or other documents which may be authorized, either generally or specifically, by the Board to be executed by the Corporation, except when required by law that the President's signature must be provided.

President (Executive Director)

It shall be the responsibility of the President, in general, to supervise and conduct all activities and operations of the Corporation, subject to the control, advice and consent of the Board of Directors. The President shall keep the Board of Directors completely informed, shall freely consult with them in relation to all activities of the Corporation, and shall see that all orders and/or resolutions of the Board are carried out to the effect intended. The Board of Directors may place the President under a contract of employment where appropriate. The President shall be empowered to act, speak for, or otherwise represent the Corporation between meetings of the Board. The President shall be responsible for the hiring and firing of all personnel, and shall be responsible for keeping the Board informed at all times of staff performance and for implementing any personnel policies which may be adopted and implemented by the Board. The President, at all times, is authorized to contract, receive, deposit, disburse and account for all funds of the Corporation, to execute in the name of the Corporation all contracts and other documents authorized either generally or

specifically by the Board to be executed by the Corporation, and to negotiate any and all material business transactions of the Corporation.

Vice President

In the absence of the President, or in the event of his/her inability or refusal to act, it shall then be the responsibility of the Vice President to perform all the duties of the President, and in doing so shall have all authority and powers of, and shall be subject to all of the restrictions on, the President.

Secretary

The Secretary, or his/her designee, shall be the custodian of all records and documents of the Corporation, which are required to be kept at the principal office of the Corporation, and shall act as secretary at all meetings of the Board of Directors, and shall keep the minutes of all such meetings on file in hard copy or electronic format. S/he shall attend to the giving and serving of all notices of the Corporation and shall see that the seal of the Corporation, if any, is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these bylaws.

Treasurer (Chief Financial Officer)

It shall be the responsibility of the Treasurer to keep and maintain, or cause to be kept and maintained, adequate and accurate accounts of all the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements.

The Treasurer shall be responsible for ensuring the deposit of, or cause to be deposited, all money and other valuables as may be designated by the Board of Directors. Furthermore, the Treasurer shall disburse, or cause to be disbursed, the funds of the Corporation, as may be ordered by the Board of Directors, and shall render to the Chair of the Board, President, and directors, whenever they request it, an account of all the Treasurer's transactions as treasurer and of the financial condition of the Corporation.

The Treasurer shall give the Corporation a bond, if so requested and required by the Board of Directors, in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the Treasurer's office and for restoration to the Corporation of all its books, papers, vouchers, money and other property of every kind in the Treasurer's possession or under the Treasurer's control upon the Treasurer's death, resignation, retirement, or removal from office. The Corporation shall pay the cost of such a bond.

ARTICLE 7 – COMMITTEES

Committees of Directors

The Board of Directors may, by resolution adopted by a majority of the directors then in office, provided that a quorum is present, designate one or more committees to exercise all or a portion of the authority of the Board, to the extent of the powers specifically delegated in the resolution of the Board or in these bylaws. Each such committee shall consist of two (2) or more directors, and may also include persons who are not on the Board but whom the directors believe to be reliable and competent to serve at the specific committee. However, committees exercising any authority of the Board of Directors may not have any non-director members. The Board may designate one or more alternative members of any committee who may

replace any absent member at any meeting of the committee. The appointment of members or alternate members of a committee requires the vote of a majority of the directors then in office, provided that a quorum is present. The Board of Directors may also designate one or more advisory committees that do not have the authority of the Board. However, no committee, regardless of Board resolution, may:

- a) Approve of any action that, pursuant to applicable Law, would also require the affirmative vote of the members of the Board if this were a membership vote.
- b) Fill vacancies on, or remove the members of, the Board of Directors or any committee that has the authority of the Board.
- c) Fix compensation of the directors serving on the Board or on any committee.
- d) Amend or repeal the Articles of Incorporation or bylaws or adopt new bylaws.
- e) Amend or repeal any resolution of the Board of Directors that by its express terms is not so amendable or repeal able.
- f) Appoint any other committees of the Board of Directors or their members.
- g) Approve a plan of merger, consolidation, voluntary dissolution, bankruptcy, or reorganization; or a plan for the sale, lease, or exchange of all or considerably all of the property and assets of the Corporation otherwise than in the usual and regular course of its business; or revoke any such plan.
- h) Approve any self-dealing transaction, except as provided pursuant to law.

Unless otherwise authorized by the Board of Directors, no committee shall compel the Corporation in a contract or agreement or expend Corporation funds.

Meetings and Actions of Committees

Meetings and actions of all committees shall be governed by, and held and taken in accordance with, the provisions of Article 5 - Board of Directors of these bylaws concerning meetings and actions of the directors, with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board of Directors. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the Corporation records. The Board of Directors may adopt rules not consistent with the provisions of these bylaws for the governance of any committee.

If a director relies on information prepared by a committee of the Board on which the director does not serve, the committee must be composed exclusively of any or any combination of (a) directors, (b) directors or employees of the Corporation whom the director believes to be reliable and competent in the matters presented, or (c) counsel, independent accountants, or other persons as to matters which the director believes to be within that person's professional or expert competence.

Executive Committee

Pursuant to Article 7 - Committee of Directors, the Board may appoint an Executive Committee composed of a minimum of 3 directors, one of whom shall be the Chair of the Board of the Board and another shall be either the Secretary, or the Treasurer, to serve on the Executive Committee of the Board. The Executive Committee, unless limited in a resolution of the Board, shall have and may exercise all the authority of the Board in the management of the business and affairs of the Corporation between meetings of the Board, provided, however, that the Executive Committee shall not have the authority of the Board in reference to those matters enumerated in Article 7 - Committee of Directors. The Secretary of the Corporation shall send to each director a summary report of the business conducted in any meeting of the Executive Committee.

ARTICLE 8 - STANDARD OF CARE

General

A director shall perform all the duties of a director, including, but not limited to, duties as a member of any committee of the Board on which the director may serve, in such a manner as the director deems to be in the best interest of the Corporation and with such care, including reasonable inquiry, as an ordinary, prudent, and reasonable person in a similar situation may exercise under similar circumstances.

In the performance of the duties of a director, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

- a) One or more officers or employees of the Corporation whom the director deems to be reliable and competent in the matters presented;
- b) Counsel, independent accountants, or other persons, as to the matters which the director deems to be within such person's professional or expert competence; or
- c) A committee of the Board upon which the director does not serve, as to matters within its designated authority, which committee the director deems to merit confidence,

so long as in any such case the director acts in good faith, after reasonable inquiry when the need may be indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

Except as herein provided in Article 8 - Standard of Care, any person who performs the duties of a director in accordance with the above shall have no liability based upon any failure or alleged failure to discharge that person's obligations as a director, including, without limitation of the following, any actions or omissions which exceed or defeat a public or charitable purpose to which the Corporation, or assets held by it, are dedicated.

Loans

The Corporation shall not make any loan of money or property to, or guarantee the obligation of, any director or officer, unless approved by the Arizona Attorney General; provided, however, that the Corporation may advance money to a director or officer of the Corporation or any subsidiary for expenses reasonably anticipated to be incurred in the performance of the duties of such officer or director so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

Conflict of Interest

The purpose of the Conflict of Interest policy is to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of one of its officers or directors, or that might otherwise result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable corporations/organizations and is not intended as an exclusive statement of responsibilities.

Restriction on Interested Directors

Not more than 50% (percent) of the persons serving on the Board of Directors at any time may be interested persons. An interested person is (1) any person currently being compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director; and (2) any brother, sister, parent, ancestor, descendent, spouse, brother- in-law, sister-in-law, son-in-law, mother-in-law, or father-in-law of any such person. However, any violation of the provisions of this section shall not affect the validity or enforceability of any transaction entered into by the interested person.

Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors who are considering the proposed transaction or arrangement.

Establishing a Conflict of Interest

After the disclosure of the financial interest and all material facts, and after any discussion with the interested person, the interested person shall leave the Board meeting while the potential conflict of interest is discussed and voted upon. The remaining Board members shall decide if a conflict of interest exists.

Addressing a Conflict of Interest

In the event that the Board should establish that a proposed transaction or arrangement establishes a conflict of interest, the Board shall then proceed with the following actions:

- a) Any interested person may render a request or report at the Board meeting, but upon completion of said request or report the individual shall be excused while the Board discusses the information and/or material presented and then votes on the transaction or arrangement proposed involving the possible conflict of interest.
- b) The Chair of the Board of the Board shall, if deemed necessary and appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c) After exercising due diligence, the Board shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the best interest of the

Corporation, for its own benefit, and whether it is fair and reasonable. It shall make its decision as to whether to enter into the transaction arrangement in conformity with this determination.

Violations of Conflict of Interest Policy

Should the Board have reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, the Board shall then inform the interested person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose.

If, after hearing the interested person's explanation, and after making further investigation as may be warranted in consideration of the circumstances, the Board determines the interested person intentionally failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Procedures and Records

All minutes of the Board Meetings, when applicable, shall contain the following information:

- a) The names of all the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's decision as to whether a conflict of interest in fact existed.
- b) The names of the persons who were present for discussions and any votes relating to the transaction or arrangement, the content of the discussions, including any alternatives to the proposed transaction or arrangement, and a record of any vote taken in connection with the proceedings.

Acknowledgement of Conflict of Interest Policy

Each director, principal officer, and member of a committee with Board delegated powers shall be required to sign a statement which affirms that such person:

- a) Has received a copy of the conflict of interest policy;
- b) Has read and understands the policy;
- c) Has agreed to comply with the policy; and
- d) Understands that the Corporation is charitable, and in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Violation of Loyalty - Self-Dealing Contracts

A self-dealing contract is any contract or transaction (i) between this Corporation and one or more of its Directors, or between this Corporation and any corporation, firm, or association in which one or more of the Directors has a material financial interest ("Interested Director"), or (ii) between this Corporation and a corporation, firm, or association of which one or more of its directors are Directors of this Corporation. Said self-dealing shall not be void or voidable because such Director(s) of corporation, firm, or association are parties or because said Director(s) are present at the meeting of the Board of Directors or committee which authorizes, approves or ratifies the self-dealing

contract, if:

- a) All material facts are fully disclosed to or otherwise known by the members of the Board and the self-dealing contract is approved by the Interested Director in good faith (without including the vote of any membership owned by said interested Director(s));
- b) All material facts are fully disclosed to or otherwise known by the Board of Directors or committee, and the Board of Directors or committee authorizes, approves, or ratifies the self-dealing contract in good faith—without counting the vote of the interest Director(s)—and the contract is just and reasonable as to the Corporation at the time it is authorized, approved, or ratified; or
- c) As to contracts not approved as provided in above sections (a) and/or (b), the person asserting the validity of the self-dealing contract sustains the burden of proving that the contract was just and reasonable as to the Corporation at the time it was authorized, approved, or ratified.

Interested Director(s) may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee thereof, which authorizes, approves, or ratifies a contract or transaction as provided for and contained in this section.

Indemnification

To the fullest extent permitted by law, the Corporation shall indemnify its "agents," as described by law, including its directors, officers, employees and volunteers, and including persons formerly occupying any such position, and their heirs, executors and administrators, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," and including any action by or in the right of the Corporation, by reason of the fact that the person is or was a person as described in the Non-Profit Corporation Act. Such right of indemnification shall not be deemed exclusive of any other right to which such persons may be entitled apart from this Article.

To the fullest extent permitted by law, and, except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification in defending any "proceeding" shall be advanced by the Corporation of an undertaking by or on behalf of that person to repay such amount unless it is ultimately determined that the person is entitled to be indemnified by the Corporation for those expenses.

The Corporation shall have the power to purchase and maintain insurance on behalf of any agent of the Corporation, to the fullest extent permitted by law, against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, or to give other indemnification to the extent permitted by law.

ARTICLE 9 – EXECUTION OF CORPORATE INSTRUMENTS

Execution of Corporate Instruments

The Board of Directors may, at its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute any corporate instrument or document, or to sign the corporate name without limitation, except when otherwise provided by law, and such execution or signature shall be binding upon the Corporation.

Unless otherwise specifically determined by the Board of Directors or otherwise required by law, formal

contracts of the Corporation, promissory notes, deeds of trust, mortgages, other evidences of indebtedness of the Corporation, other corporate/organization instruments or documents, memberships in other corporations/organizations, and certificates of shares of stock owned by the Corporation shall be executed, signed, and/or endorsed by the President, Vice President.

All checks and drafts drawn on banks or other depositories on funds to the credit of the Corporation, or in special accounts of the Corporation, shall be signed by such person or persons as the Board of Directors shall authorize to do so.

Loans and Contracts

No loans or advances shall be contracted on behalf of the Corporation and no note or other evidence of indebtedness shall be issued in its name unless and except as the specific transaction is authorized by the Board of Directors. Without the express and specific authorization of the Board, no officer or other agent of the Corporation may enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation.

ARTICLE 10 - RECORDS AND REPORTS

Maintenance and Inspection of Articles and Bylaws

The Corporation shall keep at its principal office the original or a copy of its Articles of Incorporation and bylaws as amended to date, which shall be open to inspection by the directors at all reasonable times during office hours.

Maintenance and Inspection of Federal Tax Exemption Application and Annual Information Returns

The Corporation shall keep at its principal office a copy of its federal tax exemption application and its annual information returns for three years from their date of filing, which shall be open to public inspection and copying to the extent required by law.

Maintenance and Inspection of Other Corporate Records

The Corporation shall keep adequate and correct books and records of accounts and written minutes of the proceedings of the Board and committees of the Board. All such records shall be kept at a place or places as designated by the Board and committees of the Board, or in the absence of such designation, at the principal office of the Corporation. The minutes shall be kept in written or typed form, and other books and records shall be kept either in written or typed form or in any form capable of being converted into written, typed, or printed form. Upon leaving office, each officer, employee, or agent of the Corporation shall turn over to his or her successor or the Chair of the Board or President, in good order, such corporate monies, books, records, minutes, lists, documents, contracts or other property of the Corporation as have been in the custody of such officer, employee, or agent during his or her term of office.

Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the Corporation and each of its subsidiary corporations/organizations. The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts of documents.

Preparation of Annual Financial Statements

The Corporation shall prepare annual financial statements using generally accepted accounting principles. Such statements shall be audited by an independent certified public accountant, in

conformity with generally accepted accounting standards. The Corporation shall make these financial statements available to the Arizona Attorney General and members of the public for inspection no later than 150 days after the close of the fiscal year to which the statements relate.

Reports

The Board shall ensure an annual report is sent to all directors within 150 days after the end of the fiscal year of the Corporation, which shall contain the following information:

- a) The assets and liabilities, including trust funds, of this corporation at the end of the fiscal year.
- b) The principal changes in assets and liabilities, including trust funds, during the fiscal year.
- c) The expenses or disbursements of the Corporation for both general and restricted purposes during the fiscal year.
- d) The information required by Non-Profit Corporation Act concerning certain self-dealing transactions involving more than \$50,000 or indemnifications involving more than \$10,000 which took place during the fiscal year.

The report shall be accompanied by any pertinent report from an independent accountant or, if there is no such report, the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the books and records of the Corporation.

ARTICLE 11 – FISCAL YEAR

The fiscal year for this Corporation shall end on December 31.

ARTICLE 12 – AMENDMENTS AND REVISONS

These bylaws may be adopted, amended, or repealed by the vote of a two-thirds majority of the directors then in office. Such action is authorized only at a duly called and held meeting of the Board of Directors for which written notice of such meeting, setting forth the proposed bylaw revisions with explanations therefore, is given in accordance with these bylaws. If any provision of these bylaws requires the vote of a larger portion of the Board than is otherwise required by law, that provision may not be altered, amended or repealed by that greater vote.

ARTICLE 13 - CORPORATE/ORGANIZATION SEAL

The Board of Directors may adopt, use, and alter a corporate seal. The seal shall be kept at the principal office of the Corporation. Failure to affix the seal to any corporate instrument, however, shall not affect the validity of that instrument.

ARTICLE 14 – CONSTRUCTION AND DEFINITIONS

Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the Non-Profit Corporation Act as amended from time to time shall govern the construction of these bylaws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, the singular number includes the plural and the plural number includes the singular, and the

term "person" includes a Corporation as well as a natural person. If any competent court of law shall deem any portion of these bylaws invalid or inoperative, then so far as is reasonable and possible (i) the remainder of these bylaws shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion deemed invalid or inoperative.

CERTIFICATE OF SECRETARY

I, Andrew Goodwin, certify that I am the current elected and acting Secretary of the benefit Corporation,
and the above bylaws are the bylaws of this Corporation as adopted by the Board of Directors on February
1, 2016, and that they have not been amended or modified since the above.

EXECUTED on this day of <u>February</u> 4, 296, in the County of Yavapai in the State of Arizona.

(Duly Elected Secretary)

AMENDED ARTICLES OF INCORPORATION OF

Adopt A Vet, Inc. 02/01/2016

ARTICLE I NAME

The name of this corporation is Adopt A Vet, Inc. hereafter "Corporation". The principal office or headquarters for the transaction of business shall be located at 125 S. 6th St. Cottonwood, located within the County of Yavapai and State of Arizona. The Adopt A Vet, Inc. shall have and shall continuously maintain corporation status in the State of Arizona as a registered office and agent.

ARTICLE II DURATION

The period of duration is perpetual.

ARTICLE III PURPOSE

The specific charitable and public purposes for which the Corporation is organized are exclusively to benefit and support Adopt A Vet, Inc. an Arizona nonprofit public benefit corporation, and its purpose in accordance with Section 501(c)(3) of the Internal Revenue Code by (1) providing affordable and transitional housing for low income Veterans or others in need, where no adequate housing exists, for such groups, (2) providing decent, safe, and sanitary housing for low income Veterans or other low income individuals or families where no adequate housing exists for such groups, or for low income Veterans or others who are homeless or in imminent danger of homelessness, or who are displaced from urban renewal areas as a result of government action, or a major disaster, (3) Providing training and educational resources for basic life skills for Veterans or others in need of skills, (4) Providing job training, skills and placement for Veterans or others in need.

ARTICLE IV REGISTERED OFFICE/AGENT

The street address of the initial registered office is 115 Verde Place, Clarkdale, Arizona 86324. The name of the initial registered agent at said address is Gary Rideout.

ARTICLE V BOARD OF DIRECTORS

The initial Board of Directors and the names and addresses of the persons who are to serve as Directors or until such time as their successors are elected and qualified are as follows:

President: Gary Rideout

115 Verde Place

Clarkdale, Arizona 86324

Duties: Manage day to day operations, fund raising,

And overall success of the corporation.

Vice President: Jenise Nyquist

115 Verde Place

Clarkdale, Arizona 86324 Duties: Assist President

Treasurer: Dorothy Reinert

583 Glenshire Lane

Cottonwood, Arizona 86326

Duties: Bookkeeping and annual reports.

Secretary: Andrew Goodwin

65 Ranch Road

Sedona, Arizona 86336

Duties: Document minutes and distribute to board

Members, other administrative duties.

Board Member: Vince Beath

1823 E. Arrowhead Lane Cottonwood, Arizona 86336

Board Member: Eliza Louden, Catholic Charities

736 N. Main Street Cottonwood, AZ 86326

Board Member: Doug Bartosh, City Manager, City of Cottonwood

827 N. Main Street Cottonwood, AZ 86326

ARTICLE VII
INDEMNIFICATION

The Corporation does hereby indemnify any and all Directors, Officers, employees, Incorporators and/or Shareholders of the corporation from any and all liability with regards to the corporation and the business of the corporation, unless the person fraudulently and intentionally violated the law and/or maliciously conducted acts to damage and/or defraud the corporation, or as otherwise provided under applicable Arizona State Corporation Statute.

ARTICLE VII CORPORATE GOVERNANCE

All other matters regarding Corporation's rules of corporate governance are contained within Corporation's bylaws.

IN WITNESS WHEREOF, for the purpose of forming this Corporation under the laws fo the State of Arizona, we the undersigned, constituting the Directors or Incorporators of this Corporation, have executed these Articles of Incorporation on January 27, 2016.

Hay to Redeart
(President)
enise Nisarist
(Vice President)
(Treasurer) And A Holling
(Secretary)

STATE OF ARIZONA

COUNTY OF YAVAPAI
On this date, Fencuscy 4, 2014, before me a notary public, the undersigned authority, the following personally appeared:
Members of the Board:
Gary Rideout Jenise Nyquist Dorothy Reinert Andrew Goodwin
Incorporators:
known to me or have satisfactorily proven that they are the Directors or Incorporators of the Articles of Incorporation, that they signed the aforementioned document as such, and that the statements contained therein are true and correct.
IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year as written above.
(Signature Notary Public) OFFICIAL SEAL CATHERINE BUSH EWIARY PUBLIC - STATE OF ARROWA YAVAPAI COUNTY By Comm. Expires March 2, 2019
(Printed Name of Notary Public)

My Commission Expires: 2/2/2019

Position 3

FORM APPROVED OMB No. 0575-0015 OMB No. 0572-0137

Form RD 442-3	Name ADOPT A VET, INC.				
(Rev. 3-97)					
BALANCE SHEET Address 125		Cottonwood, AZ 86326			
ASSETS CURRENT ASSETS		02 - 01 - 16 Month Day Year	Month Day Year		
1. Cash on hand in Banks		\$970.00			
2. Time deposits and short-term investments	***************************************				
3. Accounts receivable					
4. Less: Allowance for doubtful accounts	***************************************	(()		
5. Inventories					
6. Prepayments					
7					
8.	***************************************				
9. Total Current Assets (Add 1 through 8)		\$970.00	\$0.00		
FIXED ASSETS					
10. Land	***************************************				
11. Buildings	***************************************	\$2,720.00			
10	***************************************				
14. Less: Accumulated depreciation		(()		
15. Net Total Fixed Assets (Add 10 through 14)		\$2,720.00	\$0.00		
OTHER ASSETS					
16					
17					
18. Total Assets (Add 9, 15, 16 and 17)		\$3,690.00	\$0.00		
LIABILITIES AND EQUITIES <u>CURRENT LIABILITIES</u>					
19. Accounts payable					
20. Notes payable	***************************************				
21. Current portion of USDA note			<u> </u>		
22. Customer deposits					
23. Taxes payable					
24. Interest payable	***************************************				
26.					
27. Total Current Liabilities (Add 19 through 26)	, o, 1000 0000000000000000000000	\$0,00	\$0.00		
LONG-TERM LIABILITIES					
28. Notes payable USDA					
29					
30		\$0.00	\$0.00		
31. Total Long-Term Liabilities (Add 28 through 30)		\$0.00	\$0.00		
32. Total Liabilities (Add 27 and 31)		40,00			
EOUITY 33. Retained earnings	\$3,690.00				
34. Memberships					
35. Total Equity (Add lines 33 and 34)	\$3,690.00	\$0.00			
36. Total Liabilities and Equity (Add lines 32 and 35))	\$3,690.00	\$0.00		
CERTIFIED CORRECT Date 2/24/16	Appropriate Official (8)	disp			

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it glasplays a valid OMB control number. The valid CMB control number for this information collection is 0570-0015 and 0572-0137. The time required to complete this information is estimated to average I hour per response, including the time for reviewing instructions, searching existing do sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Please note that we are a newly formed Non-Profit as of January 2016 and therefore do not have a **Most recent end of year financial statement for the organization.**



CINCINNATI OH 45999-0038

In reply refer to: 0248119434 Mar. 01, 2016 LTR 4168C 0 81-0935163 000000 00

00018156

BODC: SB

ADOPT A VET INC
% GARY RIDEOUT
PO BOX 1488
COTTONWOOD AZ 86326-1488

030539

Employer ID Number: 81-0935163

Form 990 required: Yes

Dear Taxpayer:

This is in response to your request dated Feb. 19, 2016, regarding your tax-exempt status.

We issued you a determination letter in January 2016, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c) (3).

Our records also indicate you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading of this letter, we indicated whether you must file an annual information return. If a return is required, you must file Form 990, 990-EZ, 990-N, or 990-PF by the 15th day of the fifth month after the end of your annual accounting period. IRC Section 6033(j) provides that, if you don't file a required annual information return or notice for three consecutive years, your exempt status will be automatically revoked on the filing due date of the third required return or notice.

For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).

If you have questions, call 1-877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific Time).

0248119434 Mar. 01, 2016 LTR 4168C 0 81-0935163 000000 00 00018157

ADOPT A VET INC % GARY RIDEOUT PO BOX 1488 COTTONWOOD AZ 86326-1488

Sincerely yours,

Donis P. Kenwright

Opris Konwnight Opposition

Doris Kenwright, Operation Mgr. Accounts Management Operations 1

Narrative regarding history of Vetraplex Vets4Hire, Vet Works, Adopt A Vet Franchise Company, Inc. and Adopt A Vet, Inc Non-Profit

6-21

Gary Rideout founded the Vetraplex LLC in August of 2010. At the time he was working as a consultant for the Non-Profit, Color Country Community Housing out of Utah. They were funding a program called Housing for Heroes. He worked on obtaining a grant from the Federal Home Loan Bank out of San Francisco to fund a project thru the Housing for Heroes program for affordable housing for Veterans in the Verde Valley at the Copper Mountain Apartments in Clarkdale. He also held successful fund raising events including a Golf Tournament and a festival called Vet Stock, raising more than \$28,000. After fully organizing and planning the project and having the entire community involved and supportive, Housing for Heroes program did receive the grant for over \$700,000 to fund the project. Unfortunately, unbeknownst to Mr. Rideout, the program had been mismanaged by some of the directors and the grant that he worked so hard to obtain had to be returned to the FHLB. The affordable housing project that he spent two years dedicating his life to, sadly, in the end was then not able to happen.

Just as he was learning of the fate of that project, (August 2012) he was approached by Chip Norton, President of Friends of Verde River Greenway (FVRG). He had met Chip at one of his fund raising events. FVRG is a non-profit here in the Verde Valley. They are dedicated to restoring, preserving and promoting the natural, cultural, scenic and recreational resources of the Verde River and its tributaries. Considering Gary's networking in this area with Veterans and Veteran organizations, Chip asked Gary to put together a crew of 7 Veterans. They would be trained in forestry, chain saw certification and herbicide certification and would be working for a 22 week season to remove and treat invasive plants along the river. All Veterans on the crew were unemployed prior to this. That first season was successful in many ways. Each crew member worked a solid 40 hours/week at a decent wage, made new friends in each other and worked hard each day out in nature, making a difference. Each treatment season is approximately 22 weeks from October to February.

When that first season came to an end Gary's all Veteran crew wanted to continue to work. Realizing that each had some talent either in a construction trade or landscaping, Gary started advertising: **Hire A Vet** for handyman, landscaping, moving or haul off. The phone started ringing. The motivated Veterans did great work and the Vetraplex expanded, hiring more Veterans and obtaining more tools and equipment. In November, 2013 a General Contractor license was obtained through the State of Arizona ROC under the name Vet Works LLC. As a licensed contractor it was now possible to accept jobs over \$1000 which opened the door to larger construction remodel projects and more revenue and more job opportunities for the Vets.

Wanting to expand and duplicate the now highly successful business model, Gary started Adopt A Vet Franchise Co. in May of 2014. There is now a Vetraplex Vets4Hire in the Prescott area, one in Chandler, 2 in Phoenix and 1 painting franchise in the Verde Valley.

The original Vetraplex "headquarters" started in Gary's home office/garage at his home in Sedona. For a short time it operated out of a shed at his new residence in Clarkdale! But in late summer of 2013 the Vetraplex moved to its first commercial location. It was a small 600 sf building at 817 N. Main St. in Cottonwood, and an offsite storage unit was utilized for tools and equipment. Two years later the Vetraplex, now branded as Vets4Hire, moved to a larger space (1000 sf) on State Route 89a which encompassed the office space as well as storage for all tools and equipment.

As of today, Vetraplex Vets4Hire has 13 full time employees on payroll, 6 full and part time under contract labor and many sub contract labor relationships. The customer base is not only residents of Verde Valley, but the City of Cottonwood, the Town of Clarkdale, the Town of Jerome and other Contractors in the area. As a note, in March of 2015, The Vetraplex won the 2015 Success Award for all of Yavapai County from the Arizona Small Business Development Center. The franchisees continue to expand and employ Veterans in other parts of the state. And we are on our 4th successful season of contracted labor with FVRG. The company has purchased a 3118sf building on 6th street in Cottonwood and Gary has started activation of Adopt A Vet, Inc, a non-profit, that will use the building for Transitional/Affordable Housing for homeless Veterans. This project brings Gary's vision that he started six years ago, full circle and back to a project that is destined for success.

Catholic Charities celebrates opening of permanent residence for homeless male veterans



Matt Hinshaw/The Daily Courier

Yavapai County Supervisor Rowle Simmons chats with from left, Catholic Charities' Tami Bohannon Vice President for Advancement, Kathy Sischka Board Member, and Camie Rasband, Housing Supervisor, about their new Veteran's home on Willow Creek Road Tuesday evening during their open house for the home in Prescott. (Matt Hinshaw/The Daily Courier)



By Nanci Hutson HutsonNanci

Originally Published: March 28, 2016 6 a.m.







Matt Hinshaw/The Daily Courier

Matt Hinshaw

Exterior of the new Catholic Charities Veteran home on Willow Creek Road Tuesday evening during it's open house in Prescott (Matt Hinshaw/The Daily Courier)

PRESCOTT - Four to five homeless, male veterans will soon have a place to call their own close enough to downtown so they can access whatever services they might need thanks to Catholic Charities' remodeling of a four-bedroom, two-bath granite-façade house on Willow Creek Road.

This is not a transitional group home or a sober living house, emphasized Jean Littlehale, Catholic Charities' Senior Programs Director. Rather it's a new concept that is a cross of independent and communal living that is not tied to any particular program requirement. Each veteran will lease his own room - the master bedroom and bathroom is large enough to be shared -and then will share the communal spaces: living room, dining room, kitchen and back patio with an adjoining basketball court.

By month's end, Catholic Charities officials expect to have selected from what now is about 10 applications to lease the rooms. The expected lease cost will be \$490 a month including utilities. Pets are not allowed, only service animals.

"This is a house for these guys to share," said Littlehale, noting that this home has no time limits and will offer the occupants a chance to build a leasing history that they likely do not now have. "It's not program-based, so there is no 12-step counselors or therapists. It's a house where guys will live."

Littlehale said this home renovation project, two years in the making, came to Catholic Charities when the Turning Point Youth Shelter disbanded and the state Department of Housing that owns the property offered it to the nonprofit organization for its use.

With the aim of offering housing to benefit homeless veterans, Catholic Charities has invested some \$205,000 into renovating the house, with Home Depot donating a \$15,000 full kitchen renovation.

"It's beautiful, totally beautiful," Littlehale said of the house with wood floors and a fireplace with the walls colored in Arizona landscape hues and comfortable, donated furnishings. "It looks like a model home now."

On Tuesday afternoon, Catholic Charities opened the doors to the home so that local agency and civic leaders

could take a look. And the impression was the same: an ideal setting to help veterans gain the dignity and independence they have yearned to have but to date have found elusive.

Each veteran can bring their own furnishings, or they can use the furnishings that have been donated. Their individual room décor will be of their own choice; the communal areas can be decorated through mutual agreement, Littlehale said. The intent is to allow these veterans to live together as they wish, she said.

"Catholic Charities has gone above and beyond the call," declared Yavapai County Supervisor Craig Brown.

"They've just done a magnificent job. Shoot, anybody would like to live here."

Catholic Charities' Board Chairman Jim LaBrie said these types of housing programs are so important to local communities because they enable homeless veterans to "get back on a road to a good life."

Visiting from Phoenix, LaBrie was clearly impressed with what has been accomplished, and said he has high hopes this inspires more novel housing options for those for whom life has not always been kind.

"Things like this are incredible investments in the community," LaBrie said

Veteran Resource Center Executive Director Nick Wood praised Catholic Charities for making this home a reality. Both the VRC and Catholic Charities have grants to help homeless veterans become housed again, but this area has a lack of affordable housing that poses significant challenges to that mission.

This adds one more option to those who have so few, he noted.

"I'm stoked," Wood said.

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CITY OF COTTONWOOD

BUILDING COMMUNITY GRANT APPLICATION COVER SHEET FISCAL YEAR 2016 NOTE: APPLICANTS MUST COMPLETE THIS COVER SHEET AND ATTACH THE GRANT PROPOSAL IN THE FORMAT DESCRIBED HEREIN.

Legal Name and Address of Applicant(s):

	Main Street & 1145 South 8 th Street
Cottonwoo	
Arizona, 86	
Type of Org	anization of Applicant:(check one) Private Non-Profit X
Other (brief	Ty explain legal structure of the organization) <u>Steps to Recovery Homes</u> is a 501c(3) non-
profit organ	ization (See enclosed IRS Letter of Determination).
Describe the	e function or purpose of the applicant organization.
Steps to Red	covery Homes Mission is to provide a safe environment, free from any illicit drugs or
alcohol, for	people with substance abuse issues. We focus on behavior modification and are dedicated
to consisten	cy, structure and direction in our homes.
Contact per	rson information:
Name:	Damien Browning
Title:	Owner/Operator_
Address:	1120 Peaks View Drive
	Clarkdale
	Arizona, 86324
Phone:	928-649-0077
Email:	StepstoRecoveryHomes@gmail.com
Web site:	StepstoRecoveryHomes.org

Ouestions regarding the application shall be directed

to: Name

Damien Browning

Address

1120 Peaks View Drive

City, State Zip

Clarkdale, Arizona, 86324

Phone:

928-649-0077

E-mail:

StepstoRecoveryHomes@gmail.com

Current Business Registration Number: 15-1050

Letter of Introduction

The Mission of *Steps to Recovery Homes* is to provide a safe environment, free from any illicit drugs or alcohol, for people with substance abuse issues. We focus on behavior modification and are dedicated to consistency, structure and direction in our homes.

Steps to Recovery Homes is a 501(c)3 nonprofit organization that offers an approach to recovery that works. We have women and men facilities that are located centrally with many resources. The beauty of the Verde Valley is amazing and the community is supportive and welcoming. Our homes are clean and comfortable. Being a member of the Arizona Recovery Home Association, we are set to a higher level of standards and ethical codes.

The clients we serve are low-income and have lost everything including jobs, houses and family as a result of their substance abuse issues. In addition to substance abuse issues many of our clients are victims of emotional, mental, and physical abuse. We focus on developing appropriate life transforming habits to help these individuals live a more productive life and become valuable members of the community.

We are much more than a "half-way house;" we provide a serious, safe, structured environment for individuals who want to recover from their drug and alcohol addiction. We are dedicated to putting families back together.

- 42 % of the 117 clients that have participated in the Steps to Recovery Homes Program
 are clean and sober today.
- 41 Cottonwood residents participated in our program over the last two years
- 19% of our clients have completed (three or six months) and the average days in the program is 79 days
- 51% are women and 49% are men
- 93% did not have jobs upon entering the program; 12% were on SSI and 71% had no help financially
- 76 residents have participated in "on the job training/internships" at the Miracles Happen
 Re-Sale store
- 76% are white; 13% Hispanic; 7% Native American; 3% Black and 1% Asian

Drug Addiction is a serious problem that can no longer be avoided and the Verde Valley has very few resources for people that need this kind of help. By setting an example and providing direction, *Steps to Recovery Homes* assists our clients in developing integrity and responsibility, thus becoming assets to their families and communities. We provide that nurturing environment. They can also become responsible, accountable and find integrity in their own lives and the eyes of the community. We understand that many people have missed certain character skills in their lives. Our program will help build these essential skills. We believe that people really do want to change, but are lacking the guidance and environment to do so. We provide that environment. We know from our own experiences that it is possible, and know we will be able to help.

Community Need

According to the MATFORCE Intervention Group Report (March, 28, 2015):

- ▶ 8% to 9.2% of the population of USA have used an <u>illicit</u> drug or abused psychotherapeutic medication in the past month (alcohol not included).
- ▶ 2013 Population of Yavapai County = 215,133
- ▶ Applying the national statistics to Yavapai County, approximately 14,284 to 16,427 people, have used an illicit drug or abused psychotherapeutic medication in the past month.
- ► These 14,284 to 16,427 people would qualify for Substance Use Disorder (SUD) treatment.
- ▶ Nationally only about 11 percent of individuals who meet SUD criteria receive treatment.

According to the Journal of the American Medical Association (2015):

- ▶ Roughly 50 percent of individuals with severe mental disorders are affected by substance abuse.
- ➤ 37 percent of alcohol abusers and 53 percent of drug abusers also have at least one serious mental illness.
- ▶ Of all people diagnosed as mentally ill, 29 percent abuse either alcohol or drugs.
- Many of these mentally ill are "self-medicating" with alcohol and/or other addictive substances.
- According to studies, over 50 percent of all suicides are associated with alcohol and drug dependence and at least 25 percent of alcoholics and drug addicts commit suicide.

Grant Proposal: Steps to Recovery Women's Gratitude House & Men's Hope House

- (1) Amount of grant request. \$11,250
- (2) Ability to meet the stated need through the design of the service, project, or program.

The many negative impacts of substance abuse and suicide reaches into families, neighborhoods, communities and beyond. *Steps to Recovery Homes* supports individuals who desire to abstain from substance or activity addiction. Our program utilizes a collection of scientifically proven techniques from Cognitive Behavioral Therapy, Rational Emotive Behavior Therapy, as well as some motivational techniques. Our mission is to offer self-empowering, science-based, face-to-face support groups for abstaining from any substance or activity addiction.

The Steps to Recovery Homes Healthier Communities Scholarship Program is a start to providing the need of funding in order to maximize the success rate of recovery in the Verde Valley. This program is designed to: 1) Provide a resource of funds available to individuals with substance abuse issues in the Verde Valley 2) To reduce stress and discouragement and encourage individuals to continue to move forward in their recovery 3) Raise the employment rate in the Verde Valley 4) Make the communities that we live in a safer place for everyone involved by reducing the continuing substance abuse that happens 5) To put families back together 6) to raise the recidivism rate and lower tax payers dollars in the jails 7) To provide volunteers to the Verde Valley (City of Cottonwood) to help with many tasks that the City has not been able to accomplish due to lack of resources 8) To provide an awareness to the public that there is a solution to this ongoing problem and to reinforce that there is a healthy resource in this community for years to come.

(3) Why is this grant necessary or an appropriate source of revenue to meet this need?

The grant is necessary and an appropriate source of revenue to meet this need because the individuals served by the project are primarily Cottonwood residents who are in critical need of support to deal with their substance abuse issues and who are willing to make a change in their lives. In the past two years we have served more than forty-one Cottonwood residents. Our intent is to have the ability to provide a little extra help for the first month to qualified individuals to maximize their success rate in our program. We are adamant about our clients becoming fully self-supporting and this help would only be for a limited time. This would also help these clients to start saving for when they complete our program and move out on their own. One of the things that happens with our program is we get people to become employable and this in turn helps our community's economy. We mandate our clients to be of service to the community, this helps them to start surrounding themselves with healthier people. Being of service to our community is something we will use as an in kind match for this funding, i.e., the clients that receive scholarships would be mandated to put in so many hours to the city of cottonwood and help build our community.

(4) Ability of the organization to complete the program as designed.

Both Damien and Anne Browning are experienced in the methods of treating addiction, having been members of 12- step programs for many years. Though unaffiliated with any specific program and taking their own route to helping residents of the Verde Valley recover from substance abuse, they are inspired by their past struggles in counseling. In addition to this wealth of experience, Anne is a full- time paramedic, a profession that gives her exposure to many people struggling with addiction. As a member of the Northern Arizona Recovery Association, Steps to Recovery Homes is allowed to accept inmates directly from the Arizona Department of Corrections. This allows the Brownings to see the continuing effects of substance abuse (up to 90 percent of the incarcerated are affected by addiction in one form or another).

The *Steps to Recovery Homes* operates two separate facilities, The Gratitude House, a facility for 17 women (1145 South 8th Street) and the Hope House (748 North Main Street), which features accommodations for 13 men in varying stages of dealing with substance abuse. Recently, Steps to Recovery Homes has been placed on the Charitable Organizations List through the Arizona Department of Revenue allowing a 100 percent tax credit of up to \$400 for donors. Future plans include a home for women with children and a home for veterans and transients struggling with substance abuse issues. In addition, we opened The Miracles Happens ReSale Store in Cottonwood on June 1, 2016 and our residents are required to work there part-time, as interns, so that they can develop relevant employment skills.

Cottonwood needs a serious affordable place for people to recover from substance abuse issues and in turn help build a healthier community by lowering the recidivism rate and giving individuals the tools and to stay clean for multiple years. When individuals come into our program they have lost everything. We give them a safe environment to stay clean and stop using mind or mood altering substances necessary to help them to secure gainful employment. The stress and worry of money reduces the chance of successful recovery from their addiction. With a <u>Healthier Communities Scholarship</u> for the first week, the rate of commitment and success should dramatically increase because our clients will not be so stressed and will have a little breathing room to get on their feet and start becoming fully self-supporting.

Last year Steps to Recovery Homes opened the Miracles Happen Re-Sale Store to increase income for the program, but to also provide a valuable addition to the Job Training and Community Service components of our program. We currently provide internships to over 71 individuals in the program, have four part-time employees and two graduates who have gone on to secure full-time employment locally. In addition, we are expanding the Miracles Happen Re-Sale Store to include an E-bay service, which will enable us to hire two additional full-time employees.

Project Timeline

Immediate implementation of program services will occur upon receipt of funding.

Project Budget

Project Income

Source	Description	Amount
Foundations	AZ Community Foundation of Yavapai County	\$5,000.00
City Grant	Cottonwood Community Building Grant	\$11,250.00
In-Kind Support	Volunteer Support	\$8,505.00
Fundraising Events and Products	Fundraising Events, e.g., yard sales, gala, and otherfund raising events	\$16,975.00
Individual Contributions	Donations	\$15,380.00
Total		\$57,110.00

Project Expenses

Source	Description	Amount
Salaries and Wages	Staff Salaries and Wages	\$35,450.00
Printing/Copying/Postage/Delivery	Advertising, Brochures Flyers, etc.	\$2,258.00
Consultants and Professional	Fund Raising & Marketing	\$1,500.00
Rent/utilities/Phone	Rent/utilities/Phone	\$15,290.00
Equipment	Computer/ All-In-One Copier/Fax Machine	\$1,745.00
Supplies	Cleaning Supplies	\$867.00
Total		\$57,110.00

Budget Comments

Steps to Recovery Homes will use the project funds to provide as many clients as possible with scholarships to complete the initial week of the program, based on a sliding-scale of the regular fee of \$150 per week.

Expected Outcomes

Steps to Recovery Homes provides substance abusers with the toolsneeded to build positive habits. With a focus on developing life-transforming habits, the project funds will provide eighteen men and/or women with scholarships to complete the first month of the program and maximize their success rate and ability to secure employment.

Steps to Recovery Homes details three phases of change that, when completed in order, transform substance abusers lives:

- 1. <u>Assessment & Repair</u>: Before individuals can begin to change, they must understand who they are, where they are in life, their physical condition who and where they want to be. The first step is to honestly evaluate their current position and assess their skills, values, and physical condition. Once this is accomplished, they begin to form a realistic plan.
- 2. Skills Training and Cognitive Behavior Modification Training: At the core of the program is the most basic of principles: By human nature we want to be happy and satisfied with life. When life is not producing that satisfaction, people try to artificially create what is missing. Our program identifies, teaches, and trains the skills necessary to gain satisfaction with life naturally and normally, without artificial substances. Most of the guests here already have a basic understanding of what we are teaching but may not be fully utilizing these fundamentals of life: especially considering that in most cases, other programs will all discharge their clients before they have addressed the cravings and cognitive impairment issues.

3. <u>Life Coaching and Planning</u>: Creating a comprehensive future plan built on assessed talents, positive goals, and finding joy in career, as well as in relationships with family and friends. This third phase of change provides the gateway to a new life. It is imperative that the client have a well-constructed planbefore returning home. Being prepared for the future makes the transition from the program to the individual's life at home an energizing opportunity, a pleasure rather than a source of anxiety. Upon completion, clients secure their own living arrangement and/or return home to their families, jobs, or school as motivated, productive people.

Project Team

Steps to Recovery Homes was formed from a vision of hope that came to Damien and Anne Browning. We knew that an individual suffering from addiction issues could find freedom if provided with the right tools and environment. We have personally been through our own struggles with addiction, and behavior issues, changed our lives around, and became assets to our families and community.

We watched people in the Verde Valley of northern Arizona move into area halfway houses, do their best to continue their recovery with what resources were available, just to end up relapsing. It seemed like such a revolving door. We talked a lot about how the experience could be different. We knew these people needed direction and healthy examples. So we created *Steps to Recovery Homes* to provide substance abusers with the tools needed to build positive habits.

The assistance that we offer our clients is very beneficial. By setting an example, providing direction and working on behaviors, we help the men and women in our program to become productive, responsible members of their families and community. They can actually start living life, again.

<u>Addendum</u>

- o Current budget for the organization.
- o Most recent end of year financial statement for the organization.
- o Steps to Recovery Homes Brochure & Flyer
- o IRS Letter of Determination

8:42 AM 03/08/16 Accrual Basis

Steps to Recovery Homes Budget vs. Actual by Donors/Grants January through December 2015

	lam Dar 45	D	A Organ Decident	0/ 08 50 4
	Jan - Dec 15	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense Income				
Income Benefit	10,346.00			
Client Services	35,451.68	### ##		
Community Grant Program	2,500.00			
Donations	32,232.48			
FhaulDaved.	4 000 00			
Ebay/Paypal	4,892.82 60,314.23			
Miracles happen Other income	16,948.74			
Rental Income	10,540.74			
Bed Fee	9.063.99			
Rental Income - Other	51,638.27			
Total Rental Income	60,702.26			
S&H	210.92			
Total Income	223,599.13			
Gross Profit	223,599.13			
Evnança				
Expense Advertising and Promotion	3,300.22			
Automobile Expense	0,000.22		•	
Fuel	1,948.95			
License and Fees	86.06			
Maintenance and Repairs	722.15			
Automobile Expense - Other	1,914.18			
Total Automobile Expense	4,671.34	4		
Benefit Dinner	3,856.57			
Business License	225.00			
Charitable Contribution	51.00			
Cleaning supplies	315.29			
Client Activities	573.93			
Client Savings Refund	4,329.42			
Computer and Internet Expenses	988.32			
Credit Card Expense	115.46 2.213.65			
Deposits utilities	2,213.05 741.35			
Dues and Subscriptions Employee Activities	275.26			
Employee Activities Employee Loan	20.00			
Freight	20.00			
Delivery Charge	5.95			
Postage	108.49			
Freight - Other	29.46	4		
-	440.00			
Total Freight	143.90			
Furnishings	330.00	and the second second		
Grounds Maintance	310.00			
Insurance Expense	5,828.64 6.28			
Interest Expense Lab Fees	41.20			
Lab rees Late Charge	305.83			
Loan- National Bank	6,462.25			
Meals and Entertainment	623.21			
Office Supplies		14		
Client Supplies	3,917.85			
Office Supplies - Other	9,956.09			
Total Office Supplies	13,873.94		***	
Outside Labor	805.78			
Over payment	173.93			

8:42 AM 03/08/16 **Accrual Basis**

Steps to Recovery Homes Budget vs. Actual by Donors/Grants January through December 2015

	Jan - Dec 15	Budget	\$ Over Budget	% of Budget
Payroll Expenses		Duager	- Sover Budget	% of Budget
FICA/MED	3,581.06			
SUTA EXPENSE	755.47			
Payroll Expenses - Other	46,878.96			
Total Payroll Expenses	51,215.49			
Service Control of the Control of th				
Penalties and Interest	113.89			
Professional Fees	1,114.00			
refund for goods	754.80			
Reimbursements	6,074.75			
Rent	68,138.00			
Repairs and Maintenance Service Charges	3,893.88			
Merchant Fees	1,732.70			
NSF surcharge	192.00			
Paypal Fees	387.06			
rayparroos				
Total Service Charges	2,311.76		*	
Tax and Accountant	1,199.53			
Telephone Expense	3,500.20			
Thirft Store	4,574.97			
Travel Expense				
Client transport	32.00			
Total Travel Expense	32.00			
Uncategorized Expenses	20.30			
Utilities				
Pest control	700.00			
Trash	1,953.20			
Utilities - Other	18,545.68			
Total Utilities	21,198.88			
Voided Check	0.00			
Total Expense	214,724.22			
Net Ordinary Income	8,874.91			
Other Income/Expense				
Other Income				
Dividends	1.14			
Transfirst	10.40			
Total Other Income	11.54			
Net Other Income	11.54			
Net Income	8,886.45			

Steps to Recovery Homes Profit & Loss

December 2015

	Dec 15
Ordinary Income/Expense	
Income Client Services	2 040 00
Community Grant Program	3,919.00 1,750.00
Donations Donations	10,527.96
Ebay/Paypal	524.99
Miracles happen	8,562.01
Other Income	1,765.68
Rental Income	.,
Bed Fee	960.84
Rental Income - Other	4,733.30
Total Rental Income	5,694.14
S&H	12.19
Total Income	32,755.97
Expense	
Advertising and Promotion	54.04
Automobile Expense	
Fuel	85.03
Maintenance and Repairs	31.99
Total Automobile Expense	117.02
Dues and Subscriptions	163.00
Insurance Expanse	163.74
Late Charge	38.00
Loan- National Bank	546.83
Meals and Entertainment	8.19
Office Supplies	
Client Supplies	366.10
Office Supplies - Other	746.90
Total Office Supplies	1,113.00
Payroll Expenses	
FICA/MED	501.28
SUTA EXPENSE	65.48
Payroll Expenses - Other	6,552.38
Total Payroll Engenses	7,119.14
refund for goods	200.00
Relmbursements	1,014.20
Rent	9,200.00
Repairs and Maintenance	76.45
Service Charges	
Merchant Fees	256.54 27.77
Paypal Fees	27.77
Total Service Charges	284.31
Tax and Accountant	20.00
Telephone Expense	427.28
Thirft Store	349.05
Utilities	
Pest control	70.00
Utilities - Other	75.00 1.673.47
Total Utilities	1,673.47 1,818.47
Total Expense	22,712.72
Net Ordinary Income	10,043.25
Net Income	10,043.25

Steps to Recovery Homes Profit & Loss

January through December 2015

	Jan - Dec 15
Ordinary Income/Expanse	
Income	8,806.00
Benefit Services	35,451. <u>6</u> 8
Community Grant Program	2,500.00
Donations	26,319.48 4.514.71
Ebay/Paypal	4,514.71 60,314.82
Other income	16,948.74
Rental Income	0.000.00
Bed Fee	9,063.99 51,638.27
Rental Income - Other	
Total Rental Income	60,702.26
S&H S&H	210.92
Total Income	215,768.61
Expense	3,078.48
Advertising and Promotion Automobile Expense	0,070.13
Fuel	1,641.73
Maintenance and Repairs	352.83 1,914.18
Automobile Expense - Other	3,908.74
Total Automobile Expense	3,856.57
Benefit Dinner	225.00
Charitable Contribution	51.00
Cleaning supplies	315.29 530.76
Client Activities Client Savings Refund	4,329.42
Computer and internet Expenses	936.09
Credit Card Expense	830.49 2,213.65
Deposits utilities Dues and Subscriptions	611.35
Employee Loan	20.00
Freight	5.05
Delivery Charge	5.95 108.49
Postage Freight - Other	29.46
	143.90
Total Freight	330.00
Furnishings	310.00
Grounds Maintance Insurance Expense	5,828.64
Interest Expense	2.28 41.20
Lab Fees Late Charge	204.83
Loan- National Bank	6,462.25
Meals and Entertainment	356.11
Office Supplies Client Supplies	3,874.19
Office Supplies - Other	8,246.50
Total Office Supplies	12,120.69
Outside Labor	805.78
Over payment	173.93
Payroll Expenses FICA/MED	3,581.06
SUTA EXPENSE	755.47
Payroli Expanses - Other	46,878.96
Total Payroll Expenses	51,215.49
海群市	

Steps to Recovery Homes Profit & Loss

January through December 2015

Penalties and Interest Professional Fees	113.89
refund for goods Reimbursements Rent Repairs and Maintenance Service Charges	1,114.00 754.80 6,074.75 68,138.00 3,593.76
Merchant Fees 1,118 Paypal Fees 200	
Total Service Charges	1,318.53
Tax and Accountant Telephone Expense Thirft Store Travel Expense	1,199.53 3,500.20 4,453.29
	00
Total Travel Expense	32.00
Uncategorized Expenses Utilities Pest control 700 Trash 1,953 Utilities - Other 18,264	.20
Total Utilities	20,917.82
Voided Check	0.00
Total Expense	210,132.81
Net Ordinary Income	5,635.80
Other Income/Expense Other Income Dividends Transfirst	0.32 2,193.92
Total Other Income	2,194.24
Net Other Income	2,194.24
Net Income	7,830.04

INTERNAL REVENUE SERVICE P. O. BOX 2508 CINCINNATI, OH 45201

Date: AUG 0 5 2014

STEPS TO RECOVERY HOMES 1120 PEAKS VIEW DR CLARKDALE, AZ 86324 Employer Identification Number:
46-3225513
DLN:
17053175393024
Contact Person:
CUSTOMER SERVICE ID# 31954
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Effective Date of Exemption:

February 12, 2014
Addendum Applies:

No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a private foundation within the meaning of section 509(a) of the Code. You are required to file Form 990-PF annually.

For important information about your responsibilities as a tax-exempt organization, go to www.irs.gov/charities. Enter "4221-PF" in the search bar to view Publication 4221-PF, Compliance Guide for 501(c)(3) Private Foundations, which describes your recordkeeping, reporting, and disclosure requirements.

Sincerely,

Director, Exempt Organizations

Steps To Recovery Homes

Building a stronger, healthier community

Our mission is to provide a safe environment, free from any illicit drugs or alcohol, for people with substance abuse issues. We focus on behavior modifications and are dedicated to consistency, structure, and direction in our homes.



All proceeds from Miracles Happen ReSale Store go directly to Steps to Recovery Homes to support their mission to build healthier communities and fight substance abuse in the Verde Valley.

"Steps to Recovery Homes has given me structure to my life, a true program that i will continue to utilize after graduating the program. I have a new lease on life." - Stephenie M.

Damien Browning and Anne Browning Founders

WE OFFER:

- ⇒ Daily life coaching
- ⇒ Gym memberships
- ⇒ Transit bus passes
- ⇒ Free laundry
- ⇒ Cleaning supplies
- ⇒ Toiletries
- ⇒ Clothes vouchers
- ⇒ Jobs
- ⇒ Linens
- ⇒ Savings plan
- ⇒ Household furniture
- ⇒ Scholarships
- ⇒ House bikes
- ⇒ Weights
- ⇒ Gardens
- ⇒ Rides to meetings
- ⇒ Rides to events
- ⇒ Direction, leadership skills
- ⇒ Internet, cable, and phone

We are much more than a "halfway house"; we provide a serious, safe, structured environment for individuals who want to recover from their drug & alcohol addiction. We are dedicated to putting families back together.



"Steps to Recovery Homes gave me the ability to learn how to be teachable." - Jeffery G.

"It takes a village" is so very true here. We are helping build a stronger and healthier Verde Valley community and we need help from you:

- Volunteer with us. we are looking for individuals with life skills to do life coaching, transition mentoring, grant writing, and much more.
- Donate articles or donate funds— We are a qualified 501(c3) organization and your contributions are fully deductible.

Tired of things cluttering up your house?
Tired of the yard looking like no one lives
there? Tired of feeling like things will
never get done?

Give us

Give us a call, we will do dump runs, yard work,

painting, moving, computer services and much more!

Call Damien: 928-592-2603

Not a licensed contractor



"The best thing about this program is that it is example driven, it is not what they said to me, it is what they showed me that mattered." - Stacey S.



www.stepstorecoveryhomes.com

stepstorecoveryhomes@gmail.com

Intake Line: 928-649-0077





Steps to Recovery Homes



Need: Women and men in early recovery from felonies. These individuals have an extra struggle to find employment and the stress and discouragement that comes with getting turned down can be detrimental to their recovery. A scholarship that would pay for the first month would give these individuals the support they need and maximize their chances of staying clean and finding employment. This in turn would raise the recidivism rate in our community and make them safer places as a result.

Need: Continuous fund for Steps to Recovery Homes to help with the expensive fees that are needed in order to run a place such as this. We want to have a place in the community that is available as a resource for people who suffer with drug addiction. This funding would go directly to rent for the facility and utilities in order to ensure that Steps to Recovery Homes is able to continue to run and spend the money on improving the environment and other resources that will maximize the client's chance of becoming a productive member of their families and of society. This donation could even include the ability to hire staffing and create jobs in our community.

Need: Funding—Grant for felon and first time business owner	
Need: Funding for Women in Recovery	
<u>Need</u> : Funding for transportation	
Need: Funding for housing, transitional, safe housing, homeless with add	dictions, women with children
Need: Funding for women with domestic pasts	
Need Funding for people with disabilities	
Cut hara and return with	your denation

Help us support Steps to Recovery Homes in the Verde Valley

This is your Arizona TAX CREDIT opportunity package

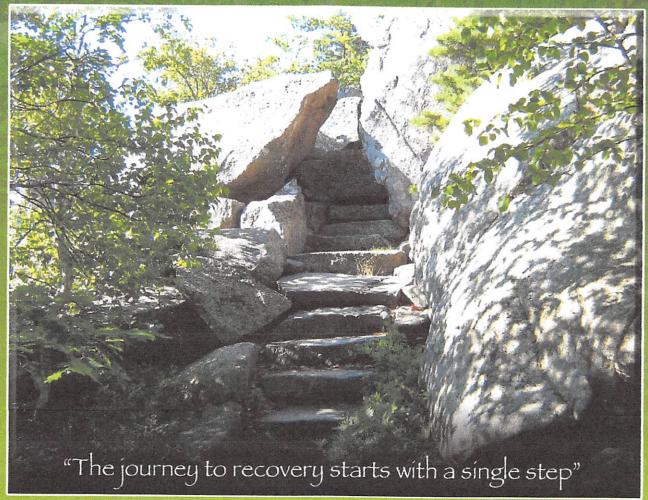
Your donation to Steps to Recovery Homes—up to \$400 if filing jointly or \$200 as an individual—can be directly deducted from the amount you owe in Arizona state income taxes. Anyone paying Arizona state taxes is eligible as long as the deduction is made by December 31. This tax credit can be carried forward up to 5 years. You do not need to itemize deductions to qualify.

You can donate to more than one organization that qualifies for the Arizona Tax Credit. The credits are cumulative. Thus, two donations

Homes.	iii result iii total credit of \$800.	rnank you for ne	iping Steps to Recovery	
Here is my donation of \$ to Steps to Recoveryou.	ery Homes Tax Credit Program.	A receipt for you	ır tax records will be m	ailed to
There three ways for you to make your tax credit donation:				
A. You can enclose a check or we can charge your Visa	MasterCard			
B. Card Number	Expiration Date	C(CV#	
Name on Card	Signature			
<u>C.</u> Or, you can donate on our website at www.stepstorecov	veryhomes.com			
Your information:				
Name				
Mailing Address	City	State	Zip	
Home Phone Cell Phone		Email		

Questions??? Call 928-821-3526 or 928-592-2603 or email at stepstorecoveryhomes@gmail.com. Your gift is also tax deductible to the extent allowed by federal law and can be used to qualify for a 100% credit towards your AZ state taxes owed. Steps to Recovery Homes is a 501 c(3) non profit organization.

Steps to Recovery Homes



Our Mission is to provide a safe environment for people with substance abuse issues, free from any illicit drugs or alcohol. We re dedicated to consistency, structure, and direction in our homes.

Call Anne at 928-821-3526 or Damien at 928-592-2603 stepstorecoveryhomes@gmail.com www.stepstorecoveryhomes.com

Steps to Recovery

Hope House provides spacious living for men. Onsite accommodations include two two-bedroom housekeeping units. Both apartments are equipped with kitchen facilities and comfortable living areas. The top floor apartment has a large deck; the bottom floor apartment has a beautiful fireplace. A central common area provides computers with internet access, bulletin boards with resources, a recovery library, a laundry room and an additional bathroom. All conveniences, including an onsite office, parking area, garden, barbeque and large back yard are within easy access. Block walls with iron gates surround the Hope House and provide security. Cottonwood Area Transit and other resources

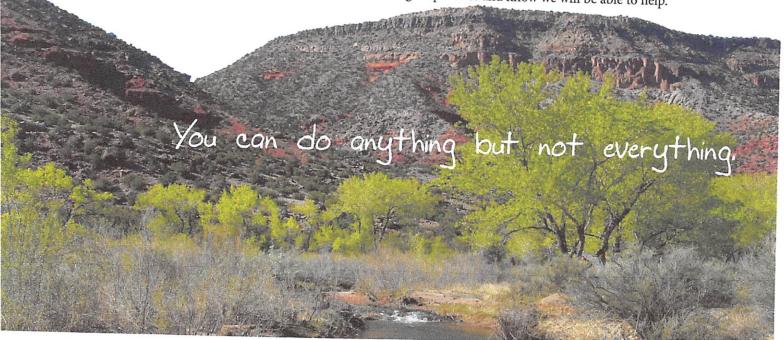
are within walking distance.



The Gratitude House, a women's facility, is centrally located in the quaint town of Cottonwood, AZ. Clients enjoy comfortable accommodations in this seven bedroom house with a spacious living room, community kitchen and three full bathrooms. Roomy bedrooms provide a comfortable setting. Amenities include a laundry, computers with internet access, an outside smoking area, horse shoe pits, a fire pit, barbeque, garden and a very large yard. The Cottonwood Area Transit runs by the house which is located within walking distance of most supermarkets. An onsite manager's cottage has and ample parking area.

After a scenic 90-minute drive north from Phoenix, AZ, through picturesque deserts and distant mountains, the fertile Verde Valley, known for its rivers and creeks lined with tall cottonwood trees is revealed. The town of Cottonwood is in the heart of this beautiful valley. The historic mining town of Jerome and the Red Rock Country of Sedona, voted one of America's most beautiful places by USA Weekend, are within easy traveling distance. People come from all over the world for inspiration and renewal in the unique beauty of these settings.

By setting an example and providing direction, we assist our clients in developing integrity and responsibility, thus becoming assets to their families and communities. Our clients may have missed certain building blocks when they were younger. Most really do want to change but often lack the guidance and environment to do so. We provide that nurturing environment. We know from our own experiences that change is possible and know we will be able to help.



My wife, Anne, and I watched people in the Verde Valley of northern Arizona move into area halfway houses, do their best to continue their recovery with what resources were available, just to end up relapsing. It seemed like such a revolving door. We talked a lot about how the experience could be different. We knew these people needed direction and healthy examples.

When one of the best local options for a structured, safe, clean environment closed down, we knew it was time to take action. We started putting our ideas together, and in about two weeks we acquired our facility. On August 1, 2013, we opened Hope House, a prototype of our vision of an example-driven recovery home. In January 2014, we expanded and opened a house for women which we named The Gratitude House.

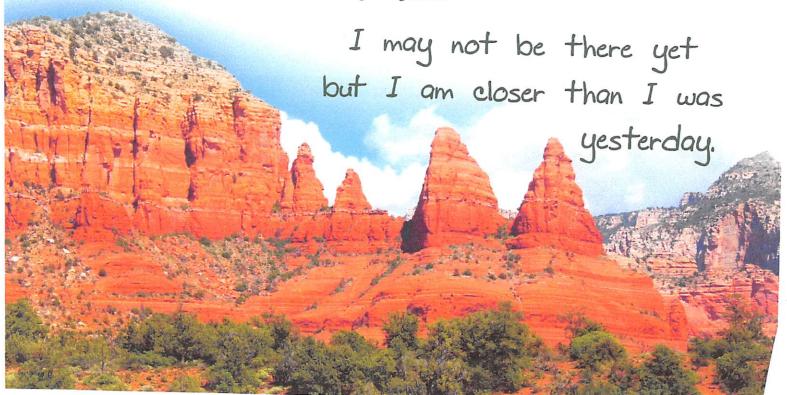


Owners of Steps To Recovery Homes Anne and Damian Browning

Anne and I have both been through hardships and have turned our lives around by becoming assets to our families and our community. Our passion for our own recoveries and the lives we have been given inspire us to evolve and grow for the betterment of our recovering clients. Our personal experiences inspire us as we guide others. We know that people "need to want" a new way of life in order to have one. We also know that many people feel they cannot change. Our program is here to inspire hope, to set a visible example and to be present for that important and desperately needed extra personal time. We remain vigilant in our recovery and show our clients that recovery can be achieved, that there is light at the end of the tunnel.

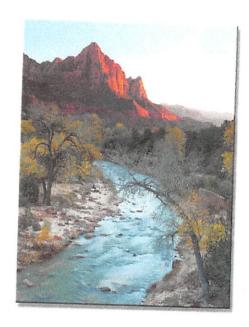
We have developed a comprehensive daily life coaching program that promotes a robust recovery. Session topics include: relationships, boundaries, finances, resumes, budgeting, goals, sponsorship, traditions, parenting, hygiene, behaviors, communication, spiritual principles and more. We offer a financial savings plan to assist our clients in securing a place of their own when they leave. A requirement of our program is weekly community service to interact and give back to others. Being involved with our clients, spending time with them individually and addressing issues on a personal level are included in our services.

We take pride in offering affordable, comfortable living arrangements.



Steps To Recovery Homes

Our mission is to provide a safe environment free from illicit drugs or alcohol for people with substance abuse issues. We focus on modifying behavior and are dedicated to consistency, structure and direction in our homes.



TESTIMONIALS

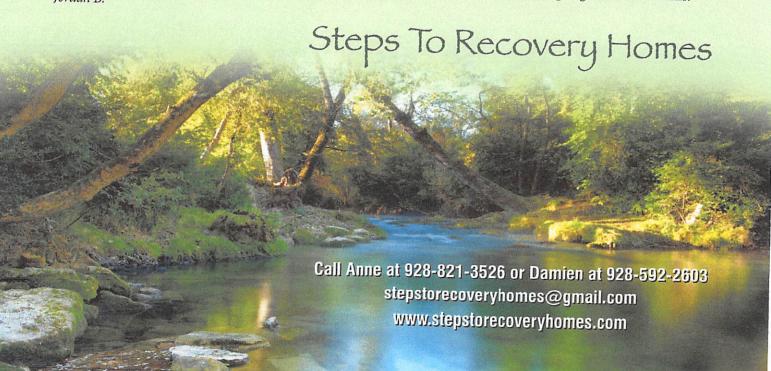
The Steps to Recovery Home has given me a rock-solid spiritual foundation that money could have never bought. This program is based on solutions; [it] changed my freaking life. — *Andrew N*.

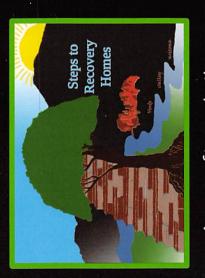
I can't sum up in one sentence what this place has done for me. It's a home that promotes real, responsible recovery. It's not housing for people who are buying time; it's a place for people who want [recovery]. — *Spencer M*.

This is a place where desperation meets hope and self discovers unity. — Stephanie S.

Through doing this program, I am learning today to look at life differently instead of always seeing my life in a negative way like I once did. Today I can look at what I've been through and be grateful and know that because of these experiences, I am a better and stronger person today...that is something I couldn't say or believe six months ago... - Chanda M.

Steps to Recovery has given me enough freedom, structure and support to help me rediscover myself as a recovering addict who is becoming a productive member of society, living one day at a time [and] accepting life on life's terms. – *Jordan B*.





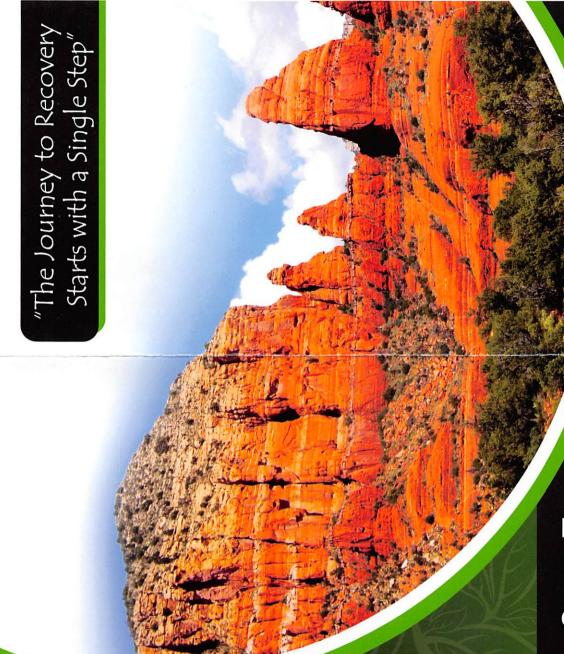
A non-profit organization

Steps to Recovery Homes offers a approach to recovery that works. We have women and men facilities that are located centrally with many resources. The beauty of the Verde Valley is amazing and the community is very supportive and welcoming. Our homes are clean and comfortable. Being a member of the Arizona Recovery Home Association, we are set to a higher level of standards and ethical codes.

"What I really needed was someone that had been down the same path as me and could show me a new way to live. This is what I would like to provide for others" – Damien B.

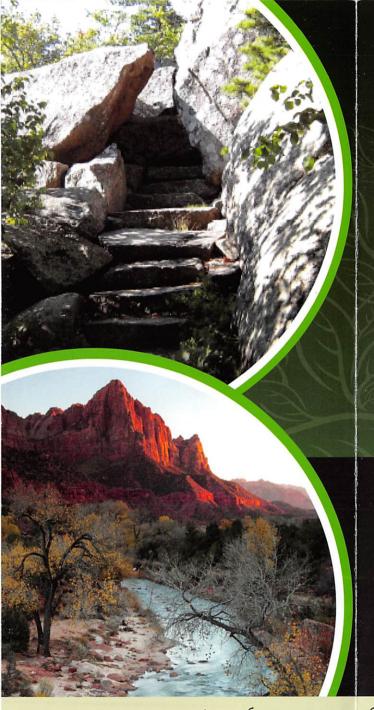
Proud member of





Steps To Recovery Homes Damien 928.592.2603 Anne 928.821.3526 stepstorecoveryhomes@gmail.comwww.stepstorecoveryhomes.com

Steps To Recovery Homes



We here at Steps to Recovery Homes provide recovery services and daily life coaching sessions in:

Finances
Education
Hygiene
Understanding Recovery
Communication
Relationships
Parenting
Job Skills (Resumes, Interviews,
Presentation)
Self-Acceptance
Boundaries
Goal Setting
Behavior Modification
and Much More.

The people that come to our program are serious about overcoming their addiction issues.

At \$125.00 a week, we feel we are able to provide an opportunity for everyone to afford the help they need.

Our mission is to provide a safe environment, free from any illicit drugs or alcohol, for people with substance abuse issues. We focus on behavior modifications and are dedicated to consistency, structure and direction in our homes.



Owners of Steps To Recovery Homes Anne and Damien Browning

Steps To Recovery Homes was formed from a vision of hope that came to Anne and Damien. We knew that an individual suffering from addiction issues could find freedom if provided with the right tools and environment. We have personally been through our own struggles with addiction and behavior issues, changed our lives around, and became assets to our families and our communities. Our heartfelt decision to help others came with a commitment to build healthy relationships with the public, and work in cooperation to strengthen our communities. We help our clients learn to love themselves and to start helping others.

The assistance that we offer our clients is very beneficial. By setting an example, providing direction, and working on behaviors, we can lead the clients in our program to become productive, responsible members of their families and society. They can actually start living life.

City of Cottonwood, Arizona
City Council Agenda Communication



<u></u> Print

Meeting Date: September 20, 2016

Subject: Wild Rose Tea Room Lease Renewal

Department: City Clerk

From: Casey Rooney, Economic Development

REQUESTED ACTION

Approval of short-term lease extension and rental increase.

SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is:

"I move to renew the lease of the Old Town Jail to Christina Williams for a period of 6 months, beginning on October 1, 2016, at a monthly rental rate of \$575.00."

BACKGROUND

The Old Town Jail was remodeled in 2013. The Wild Rose Tea Room has leased the facility from the City since March 1, 2013. The Tea Room has added value to Old Town and was a good fit for an under-utilized structure. They incorporated tenant improvements into the facility. It is a community landmark and asset. There was not an increase in the rent for over 2 years. On June 1, 2015, the rent was raised from \$500 to \$525. We are recommending that the approved lease, effective October 1, 2016, have an increase of \$50, to \$575 per month, with a 6-month lease. We feel at this time it is in the best interest of both parties to proceed from this point forward with a shorter lease term, with the option for extensions every 6 months.

JUSTIFICATION/BENEFITS/ISSUES

This is a business that benefits the Old Town area.

COST/FUNDING SOURCE

The proposed lease extension would increase rental revenue for this property from \$525 to \$575 per month.

ATTACHMENTS:			
Name:	Description:	Type:	
□ 9-20-16_Old_Jail_Lease.pdf	Wild Rose Tea Room Proposed Lease Extension	Cover Memo	

CITY OF COTTONWOOD OLD TOWN JAIL LEASE AGREEMENT

THIS LEASE is entered into and effective as of, by and between the City of Cottonwood, an Arizona municipal corporation (hereinafter "Lessor") and Christina Williams (hereinafter "Lessees").

RECITALS

As an integral part of this Lease, the parties do agree and acknowledge as follows:

- I. Lessor is the owner of certain real property located in Yavapai County, Arizona, which is more particularly described as the property located at 1101 North Main Street, Cottonwood, Arizona (hereinafter "Leased Premises").
- II. The Leased Premises is the real property known as the Historic Old Town Jail and includes a restroom and jail cell space.
- III. The Leased Premises are intended for the operation of a retail operation to enhance Old Town Cottonwood.
- IV. Lessees desire to utilize the Leased Premises in relation to their business operations and have determined that the Leased Premises are suitable for such purposes.

LEASE

NOW THEREFORE, for valuable consideration, the parties do agree as follows:

- <u>1. Grant of Lease.</u> Lessor hereby leases to Lessees, and Lessees hereby lease from Lessor, the Leased Premises for the period and on the terms and conditions set forth below.
- **2.** Term. This Lease shall commence on October 1, 2016 and continue for a period of 6 months. The Lease may be extended for one or more additional six-month periods subject to mutual agreement by both parties.

3. Rent

A. Basic Monthly Rent. Lessees agree to pay, at such place as may be designated from time to time by Lessor, a Basic Monthly Rent of \$575 per month. Said rent obligation shall commence on October 1, 2016, and shall be due and payable on the first day of each month thereafter, without invoice or other notice. Rental payments shall be payable to the City of Cottonwood and shall be mailed to the following:

City of Cottonwood Administrative Services Department 816 N. Main Street Cottonwood, AZ 86326

- B. <u>Unconditional Promise to Pay</u>. The above described monthly installments shall be payable in advance in lawful money of the United States without any deductions or offsets whatever on the first day of each and every calendar month during the term of this Lease and any renewals hereof.
- 4. Security Deposit. At the same time as Lessees pay the first rental installment, Lessees shall deposit with Lessor a Security Deposit in the amount of \$500. Lessor shall hold such funds, in compliance with the laws of the State of Arizona, as security for the full faith and performance by Lessees of all terms, covenants, and conditions of this lease. Lessor shall apply such funds to all damages and expenses allowed by the laws of the State of Arizona, and shall return such funds, or such portion of said funds as are not applied to damages and expenses, to Lessees at the end of this lease, all in accordance with the laws of the State of Arizona.
- <u>5. Late Penalties.</u> If rent is not received by the fifth day of the month, a penalty of \$100 shall be paid in addition to all payments then due under paragraph 3, *supra*. Lessees shall pay to Lessor a charge of \$35.00 for any check returned unpaid by Lessees' bank as well as a late month penalty for a payment received after the fifth.

6. Use of Premises

- A. At such time as Lessees occupy the leased premises, Lessees shall be deemed to have accepted the leased premises and to acknowledge that the leased premises are in the condition required by this lease.
- B. Lessees acknowledge that they have examined and know the condition of the leased premises, and have received the same in good order and repair.

C. Lessees agree:

- 1. The Leased Premises are to be used by the Lessees for the purpose of operating a tea room, and such reasonably related operations as approved by Lessor. Lessees shall restrict their use of the Leased Premises to such purposes and shall not use or permit the use of the Leased Premises for any other purpose without the written consent of Lessor, which shall not be unreasonably withheld.
- 2. Lessees will obtain a City of Cottonwood Business Registration for the year within 10 days of the signing of this lease.
- 3. To surrender the Leased Premises to Lessor at the end of the term without the necessity of any notice from either Lessor or Lessees to terminate the same, and Lessees hereby expressly waive all right to any notice which may be required under any laws now in force or hereafter enacted.
- 4. To keep the leased premises in good condition, repair and cleanness, at Lessees' own expense, except repairs which are the duty of the Lessor.

- To not make any occupancy of the Leased Premises that is a. contrary to law; or
 b. injurious to any person or property
- 6. To not permit any waste or nuisance.
- 7. To not use the Leased Premises for living quarters or residence.
- 8. To not use the Leased Premises for excessive storage.
- 9. Report any and all damage found in common areas.
- 10. Notwithstanding the forgoing, Lessees shall not use the Leased Premises for the purposes of storing, manufacturing or selling any explosives, flammables or other inherently dangerous substance, chemical, thing or device.

7. Abandonment

- A. Lessees shall not vacate or abandon, either voluntarily or involuntarily, the Leased Premises at any time during the term hereof.
- B. Notwithstanding the foregoing, the Lessees may, upon written notice to Lessor, temporarily close their business for a period not to exceed thirty days, provided, however, that Lessees shall continue to timely pay all required rents.

8. Maintenance

- A. Lessees shall keep and maintain the property herein leased in good repair and condition, including, without limitation, flooring, ceiling, paint, windows, electrical and plumbing fixtures, the exterior walls, and the plumbing and electrical systems within the wall or floors, and any units for cooling (A/C) and heating the property. Lessees shall return the property herein leased to Lessor at the end of the term hereof, in as good condition and repair, reasonable wear and usage accepted. Lessees expressly covenant to maintain the Leased Premises in conformity with applicable fire codes and other laws and regulations applicable to buildings of this nature.
- B. Lessor, at its own expense, and upon reasonable notice to Lessees, shall have the right to repair, redecorate, paint, upgrade, modify or alter the exterior of the Leased Premises for purposes of maintaining the overall economic and/or aesthetic value of the Leased Premises.
- C. Lessees may install, at their expense, all shelving, counters, fixtures and equipment as may be required in connection with the operation of their business. Said fixtures and equipment shall be installed in a workmanlike manner, and Lessees shall reimburse Lessor for any damage sustained by Lessor by reason of said installation. At the termination of this Lease, by expiration or otherwise, and if Lessees are not in default, Lessees shall have the right for an additional ten days to remove from the Leased Premises any personal property, including fixtures and equipment. Any personal property not removed within said ten-day period shall be deemed abandoned by Lessees,

and shall become the property of Lessor. Lessees shall repair and replace at their expense, any portion of the property that may be damaged by removal of any property of Lessees, so as to return the Leased Premises in good condition, reasonable wear and usage excepted.

- D. All property remaining on the Leased Premises after the last day of the term of this lease shall be conclusively deemed abandoned and may be removed by Lessor. Lessees shall reimburse Lessor for the cost of such removal.
- E. Lessees hereby covenant and acknowledge that Lessees have inspected the property, and that the property is in proper condition and that Lessees accept said property in an "as is" condition.

9. Taxes

- A. Lessees shall be responsible for, and shall pay all taxes other than Real Property Taxes, including without limitation personal property taxes, sales taxes, Department of Economic Security contribution, municipal taxes and/or any other fees or taxes levied by the City of Cottonwood, County of Yavapai, State of Arizona, or the United States of America, by reason of the operation of Lessees' business.
- B. Lessor shall have the right, at its option, at all times during the term hereof to pay all taxes, assessments, or other charges levied or imposed on or against the Leased Premises or its fixtures and any other tax which Lessees are obligated to pay after the same have become due and payable, and to pay, cancel, and clear all taxes, assessments, tax sales, liens, charges, impositions and claims on or against the premises, and the amount paid, including the reasonable expenses of Lessor and Lessor's attorneys' fees, shall be so much additional rent due from Lessees at the next rent due date after any such payment, with interest thereon at the rate of eighteen percent (18%) per annum, from the date of payment thereof by Lessor until the repayment thereof by Lessees. It is agreed that, if Lessor shall exercise the option to advance or pay any such taxes, assessments, imposition, or other charges, it shall not be obligatory on Lessor to inquire into the validity of any such tax assessment, impositions, levy or other charge, unless Lessees shall have previously given notice of their intent to contest said taxes and deposited the amount of said taxes or charges with Lessor, together with all interest and penalties pending such contest.
- C. Government Property Lease Excise Tax (GPLET). This Lease is subject to the provisions of A.R.S. §42-6201 through §42-6210, regarding the payment of the Government Property Lease Excise Tax (GPLET). Lessees shall submit returns on a form prescribed by the Arizona Department of Revenue (currently DOR 82620) to the Yavapai County Treasurer by or before December 1 of each year the Lease is in effect, together with any taxes due, and to submit a copy of the return to the City of Cottonwood Administrative Services Department.

10. Utilities

Lessor shall pay for any and all utility charges on or attributed to the Leased Premises.

11. Assignment. Lessees shall not assign this Lease or sublet the Leased Premises in whole or in

part without the prior written consent of Lessor, and any such assignment or subletting without such consent shall be void and, at the option of Lessor, shall terminate this Lease.

12. Insurance.

12.1 General.

- a. <u>Insurer Qualifications</u>. Without limiting any obligations or liabilities of the Lessees, Lessees shall purchase and maintain, at their own expense, hereinafter stipulated minimum insurance with insurance companies duly licensed by the State of Arizona with an AM Best, Inc. rating of A- or above with policies and forms satisfactory to Lessor. Failure to maintain insurance as specified herein may result in termination of this Lease at Lessor's option.
- b. No Representation of Coverage Adequacy. By requiring insurance herein, Lessor does not represent that coverage and limits will be adequate to protect the Lessees. Lessor reserves the right to review any and all of the insurance policies and/or endorsements cited in this Lease but has no obligation to do so. Failure to demand such evidence of full compliance with the insurance requirements set forth in this Lease or failure to identify any insurance deficiency shall not relieve the Lessees from, nor be construed or deemed a waiver of, their obligation to maintain the required insurance at all times during the performance of this Lease.
- c. <u>Additional Insured</u>. All insurance coverage and self-insured retention or deductible portions, except Workers' Compensation insurance and Professional Liability insurance, if applicable, shall name, to the fullest extent permitted by law for claims arising out of the performance of this Lease, Lessor, its agents, representatives, officers, directors, officials and employees as Additionally Insured as specified under the respective coverage sections of this Lease.
- d. <u>Coverage Term</u>. All insurance required herein shall be maintained in full force and effect until all obligations required to be performed under the terms of this Lease are satisfactorily performed, completed and formally accepted by Lessor, unless specified otherwise in this Lease.
- e. <u>Primary Insurance</u>. The Lessees' insurance shall be primary insurance with respect to performance of this Lease and in the protection of Lessor as an Additional Insured.
- f. <u>Claims Made</u>. In the event any insurance policies required by this Lease are written on a "claims made" basis, coverage shall extend, either by keeping coverage in force or purchasing an extended reporting option, for one year past completion. Such continuing coverage shall be evidenced by submission of annual Certificates of Insurance citing applicable coverage is in force and containing the provisions required herein for the one-year extended reporting period.

- g. <u>Waiver</u>. All policies, except for Professional Liability, including Workers' Compensation insurance, shall contain a waiver of rights of recovery (subrogation) against Lessor, its agents, representatives, officials, officers and employees for any claims arising out of the Lessees' activities, acts, or omissions. The Lessees shall arrange to have such subrogation waivers incorporated into each policy via formal written endorsement thereto.
- h. <u>Policy Deductibles and/or Self-Insured Retentions</u>. The policies set forth in these requirements may provide coverage that contains deductibles or self-insured retention amounts. Such deductibles or self-insured retention shall not be applicable with respect to the policy limits provided to Lessor. The Lessees shall be solely responsible for any such deductible or self- insured retention amount.
- i. Evidence of Insurance. Prior to occupying the Leased Premises, the Lessees shall furnish Lessor with certificate(s) of insurance, or formal endorsements as required by this Lease, from Lessees' insurer(s) as evidence that policies are placed with acceptable insurers as specified herein and provide the required coverage, conditions and limits of coverage specified in this Lease and that such coverage and provisions are in full force and effect. If a certificate of insurance is submitted as verification of coverage, Lessor may reasonably rely upon the certificate of insurance as evidence of coverage but such acceptance and reliance shall not waive or alter in any way the insurance requirements or obligations of this Lease. If any of the above-cited policies expire during the life of this Lease, it shall be the Lessees' responsibility to forward renewal certificates within ten days after the renewal date containing all the aforementioned insurance provisions. Certificates of insurance shall specifically include the following provisions:
 - (1) Lessor, its agents, representatives, officers, directors, officials and employees are Additional Insureds as follows:
 - (a) Commercial General Liability Under Insurance Services Office, Inc., ("ISO") Form CG 20 10 03 97 or equivalent.
 - (b) Auto Liability [not applicable].
 - (c) Excess Liability [not applicable].
 - (2) The Lessees' insurance shall be primary insurance as respects Lessees' obligations, activities, acts and omissions under the Lease.
 - (3) All policies, including Workers' Compensation, waive rights of recovery (subrogation) against Lessor, its agents, representatives, officers, officials and employees for any claims arising out of Lessees' activities,

acts and omissions during their occupancy of the Leased Premises or otherwise.

(4) A 30-day advance notice cancellation provision. If ACORD certificate of insurance form is used, the phrases in the cancellation provision "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives" shall be deleted. Certificate forms other than ACORD form shall have similar restrictive language deleted.

12.2 Required Insurance Coverage.

- Commercial General Liability. The Lessees shall maintain "occurrence" form Commercial General Liability insurance with an unimpaired limit of not less than one million dollars (\$1,000,000.00) for each occurrence, one million dollars (\$1,000,000,00) Products and Completed Operations Annual Aggregate and a one million dollar (\$1,000,000.00) General Aggregate Limit. The policy shall cover liability arising from premises, operations, independent contractors, productscompleted operations, bodily injury or death, personal injury, advertising injury and property damage. Coverage under the policy will be at least as broad as ISO policy form CG 00 010 93 or equivalent thereof, including but not limited to, separation of insureds clause. To the fullest extent allowed by law, for claims arising out of Lessees' activities, acts and omissions, Lessor, its agents, representatives, officers, officials, volunteers and employees shall be cited as an Additional Insured under ISO, Commercial General Liability Additional Insured Endorsement form CG 20 10 03 97, or equivalent, which shall read "Who is an Insured (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of "your work" for that insured by or for you." If any Excess insurance is utilized to fulfill the requirements of this subsection, such Excess insurance shall be "follow form" equal or broader in coverage scope than underlying insurance.
- b. Vehicle Liability. [not applicable].
- c. <u>Professional Liability (Errors and Omissions Liability)</u>. [not applicable]
- d. <u>Workers' Compensation Insurance</u>. Lessees shall maintain Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of any employees engaged in the performance of work or services during Lessees' occupancy of the Leased Premises and shall also maintain Employers Liability Insurance of not less than Five Hundred Thousand dollars (\$500,000.00) for each accident, Five Hundred Thousand dollars (\$500,000.00) disease for each employee and One Million dollars (\$1,000,000.00) disease policy limit.
- 12.3 Cancellation and Expiration Notice. Insurance required herein shall not expire, be

canceled, or materially changed without 30 days prior written notice to Lessor.

13. Indemnification. Lessees shall and do hereby indemnify, defend, save and hold harmless the Lessor and its officers, officials, agents, and employees from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to real, tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of the Lessees, or either of them, or any of their owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of Lessees to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. Lessees shall be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable, and hereby waive all rights of subrogation against Lessor, its officers, officials, agents and employees.

14. Default.

- A. Each of the following shall be deemed an event of default:
 - a. Default in the payment of rent or other payments called for in this Lease.
 - b. Lessees' default in the performance or observance of any covenant or condition of this Lease.
 - c. Abandonment of the Leased Premises by Lessees.
 - d. Filing or execution or occurrence of:
 - i. Filing a Petition in Bankruptcy by or against Lessees.
 - ii. Filing a petition or answer seeking a reorganization, arrangement, composition, readjustment, liquidation, dissolution or other relief of the same or different kind under any provision of the Bankruptcy Act.
 - iii. Adjudication of Lessees, or either of them, as bankrupt or insolvent, or insolvency in the bankruptcy equity sense.
 - iv. Assignment for the benefit of creditors whether by trust, mortgage or otherwise.
 - v. Petition or other proceeding by or against Lessees or either of them for, or the appointment of, a trustee, receiver, guardian, conservator or liquidator of Lessees or either of them with respect to all or substantially all their property.
 - vi. Petition or other proceeding by or against Lessees or either of them for dissolution or liquidation, or the taking of possession of the property of Lessees or either of them by any governmental authority in connection with dissolution or liquidation.
- B. The written notice shall set forth the nature of the alleged default in the performance of the terms of this Lease.
- C. The written notice shall contain a description of the action the Lessees must perform to cure the alleged default and the date by which the default must be cured.

15. Termination.

Without waiving any other right or remedy which Lessor may have pursuant to this Lease or Arizona law, when an event of default occurs, and after Lessor shall have given proper notice as described in this lease, Lessor, may at its option, terminate this Lease as follows:

- A. Lessor shall give notice to Lessees that this lease is terminated upon the date specified in the notice, which date shall not be earlier than ten (10) days after delivery of such notice.
- B. The notice of termination shall include the character of the default, the address of the Leased Premises, notification of termination, date on which Lessees must vacate, and Lessor or Lessor's agent's signature.

16. Acceleration.

- A. In the event that Lessor terminates this lease, the entire remaining balance of unpaid rent for the remaining term of the Lease shall accelerate, and the entire sum shall become immediately due and payable, except as provided in Section 19 below.
- B. To the extent allowed by Arizona law, Lessor may apply Lessees' security deposit as a partial offset to satisfaction of the accelerated rent.

17. Repossession.

Upon termination of this Lease as provided therein, or pursuant to statute, or by summary proceedings, or otherwise, Lessor may enter the Leased Premises, without further demand or notice, and resume possession of the Leased Premises. Such re-entry, or resumption of possession, or reletting of the Leased Premises shall not be deemed to be a waiver of any of Lessor's other rights or remedies under this Lease or at law.

18. Reletting.

In the event Lessor terminates this Lease, Lessor shall use reasonable efforts to re-let the premises.

Damages.

If Lessor terminates this Lease, in any manner, Lessees shall pay to Lessor, without demand or notice, the following:

- A. All rent and other payments accrued to the date of such termination and a proportionate part of the rent otherwise payable for the month in which such termination occurs.
- B. All future rent and other payments to be due under the terms of this Lease to the extent Lessor has not been able to offset same by re-letting the Leased Premises within 30 days of termination.
- C. Costs relating to the failure of Lessees to maintain the condition of the Leased Premises as well as any damage Lessees, Lessees' agents, and/or their guests may have

caused to the Leased Premises and/or common areas.

D. Attorneys' fees and other reasonable costs and expenses.

20. Binding Effect

- A. All of the terms, covenants and conditions of this Lease shall be binding upon and inure to the benefit of and shall apply to the respective heirs, executors, administrators, successors, and assigns and legal representatives of Lessor and Lessees.
 - B. Any rule of law that controls ambiguities against the drafter is expressly waived.
- **21. Notice.** All notices, demands or other writing in this Lease provided to be given, made or sent by either party hereto to the other party shall be deemed to have been fully given, made or sent when made in writing and deposited in the United States Mail, certified and postage prepaid and addressed as follows:

LESSOR:

Business Assistance Center

ATTN: Casey Rooney 821 N. Main Street Cottonwood, AZ 86326

LESSEE:

Christina Williams 651 Brindle Drive Clarkdale, AZ 86324

The address to which any notice, demand or other writing may be given, made, or sent to either party may be changed by written notice given by such party as above provided.

- **22.** Lessor Access. Lessees shall permit Lessor and the agents and employees of Lessor to enter into and upon the Leased Premises at all reasonable times for any lawful purpose, provided Lessor shall not thereby unreasonably interfere with Lessees' business on the Leased Premises.
- **23. Integration.** This Lease contains the entire agreement of the parties, and no other agreement, representation, statement or promise made by or to any party, employee, officer or agent of any party, which is not contained in this Lease shall be binding or valid, such agreement, statement or promise being specifically waived.
- **24.** Cancellation for Conflict of Interest. Lessor may cancel this Lease without penalty or further obligation in accordance with the provisions of Arizona Revised Statutes Section 38-511, which are hereby incorporated into this Lease as if fully set forth herein.
- <u>25. Modification.</u> This Lease shall not be altered, modified, changed or amended except by an instrument in writing by the parties hereto.

- **26. Venue.** Any action at law, suit in equity, or judicial proceeding for the enforcement of this Lease or any provision hereof or for breach hereof shall be instituted and maintained only in the Yavapai County Superior Court, in and for the State of Arizona. It is further agreed that this Lease shall be governed by the laws of the State of Arizona, both as to interpretation and performance.
- **27. Gender and Form.** The words "Lessor" and "Lessees" as herein used shall include the plural as well as the singular. All obligations to be performed by Lessees under this Lease shall be joint and several. The neuter gender includes the masculine and feminine.
- **28. Interpretation.** The language in all parts of this Lease shall in all cases be construed as a whole according to its full meaning and not strictly for nor against either Lessor or Lessees.
- 29. Time. Time is of the essence of this Lease.

IN WITNESS WHEREOF, the parties execute this instrument and enter this Lease.

LESSEE:

Name MUMANE

Title DIUNBOR

Date 9/5/2/6

APPROVED AS TO FORM:

Steven B. Horton City Attorney

City of Cottonwood, Arizona
City Council Agenda Communication



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Meeting Date: September 20, 2016

Subject: Verde Village Unit 8 Annexation

Department: City Clerk

From: Berrin Nejad, Community Development Manager

REQUESTED ACTION

Staff seeks Council approval to move forward with annexing portions of 13 properties along part of the City's southwest boundary.

SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is:

"I move to authorize staff to proceed with the annexation of portions of 13 properties along the City's southwest boundary."

BACKGROUND

Staff was contacted by the Yavapai County Assessor regarding 13 properties that were bisected by the City/County boundary. City and County staff have been working cooperatively to determine the best options for the residents to correct this issue. The issue has been non-controversial with majority of property owners contacted in support of the correction. This annexation is a unique condition that should be considered as a boundary line correction.

History: The City boundary in this location was established with the original incorporation of the Town of Cottonwood in November 1960. The subdivision plat for Verde Village Unit 8 was recorded on December 20, 1971 with the City boundary line bisecting the lots indicated. In 1971, both the City Council and Yavapai County Board of Supervisors approved the plat for the subdivision without comments regarding the lots platted over the boundary. It is not known why this happened except that the subdivision plat did not indicate the municipal boundary (Exhibit I). Also, the state enabling legislation that provides authority for comprehensive zoning and subdivision regulations was not enacted until January 1974, through the Urban Environment Management Act of 1973. This condition has existed for 45 years and continued until the Assessor's staff received a question regarding the eligibility to vote in City elections. According to the Assessor's Office, there are only two options to correct this error. First, the 13 affected property owners can choose to annex their portion of property that lies in the County into the City of Cottonwood. Otherwise, the Assessor will be required to split the lots and issue the property owner two tax bills. Also it is not possible under State law to de-annex property within an incorporated municipality back to unincorporated county jurisdiction. (Exhibit II)

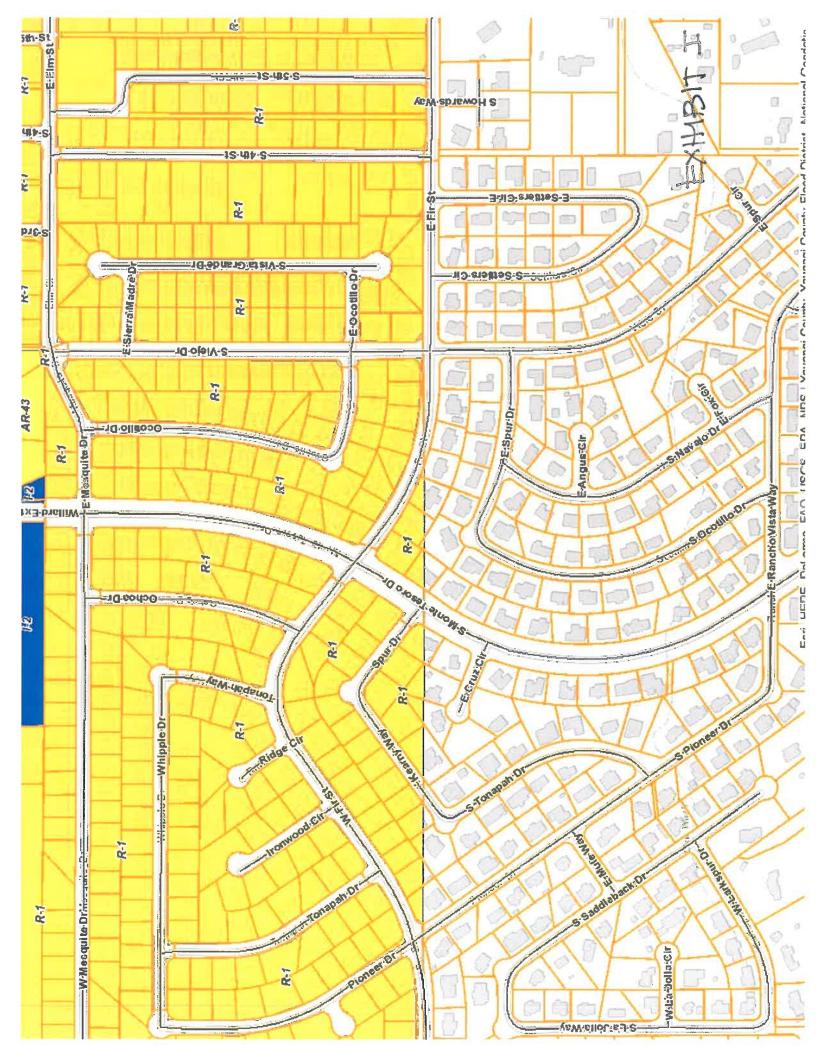
JUSTIFICATION/BENEFITS/ISSUES

Annexing those properties that straddle the City/County boundary will allow for better emergency response for fire, medical, and police by clearly showing which properties fall within the City and which are in the County. At this time, some of the properties are determined to be in the County, even though most of their property is in the City. The opposite is also true. This annexation will also allow these property owners to vote in City elections and also provide a single tax bill for the property owner.

COST/FUNDING SOURCE

The only cost associated with this annexation will be staff time for processing the required documents, collecting signatures, and recording documents. Minimal cost for emergency services may be associated with this annexation.

ATTACHMENTS:				
Name:	Description:	Type:		
□ Boundary_Map.pdf	Exhibit I - City-County Boundary	Cover Memo		
13 Lots Revised 8.24.16.pdf	Exhibit II - 13 Lots	Exhibit		
Legal_Description_with_Lot_Numbers.docx	Exhibit III - Legal Description with Lot Numbers	Exhibit		



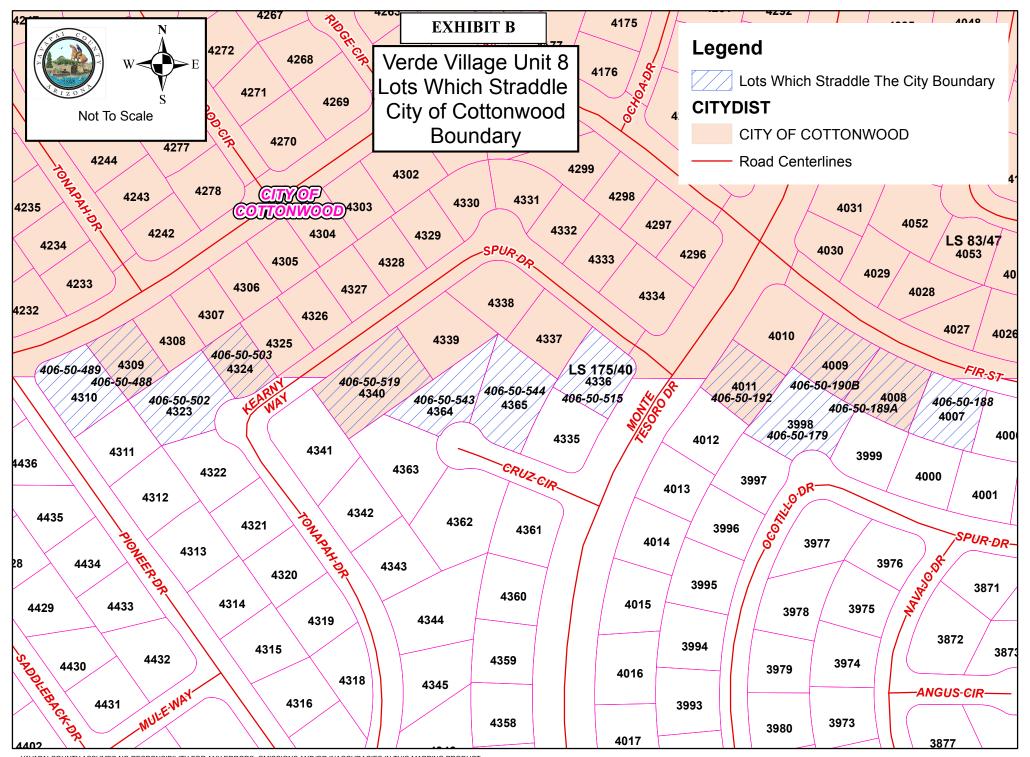


EXHIBIT A

Those portions of lots 3998, 4007, 4008, 4009, 4011, 4309, 4310, 4323, 4324, 4336, 4340, 4364 and 4365, and all of lot 4335, Verde Village Subdivision Unit 8; that lie south of the south line of Sec. 4, T15N, R3E, Gila and Salt River Base and Meridian; AND adjacent Yavapai County right-of-way sections for Kearny Way, Spur Drive, Monte Tesoro Drive, and E. Cruz Circle, extending 100 feet south of the corporate boundary of the City of Cottonwood. The south boundary of the included right-of-way tracts is parallel with the north boundary of those tracts.

CLAIMS EXCEPTIONS REPORT OF SEPTEMBER 20, 2016				
FUND	VENDOR NAME	DESCRIPTION		TOTAL
A11	City of Cottonwood	Payroll 09/03/2016	\$	516,848.52
A11	APS	Utilities	\$	96,216.44
Gen	Az State Treasurer	Court Fines	\$	13,779.19
Utilities	Clear Creek	Injection Wells	\$	9,568.75
Gen	Mikkel Jordahl	Prosecuting Attorney	\$	7,500.00
Utilities	Kenneth Knickerbocker	Professional Services	\$	5,300.00
Airport	Mercfuel	Fuel	\$	21,977.88
Debt Svc	Gust Rosenfeld PLC	Bond Issuance Costs	\$	5,000.00
A11	SC Fuels	Fuel	\$	10,168.19
A11	Accurate Building Maintenance	Custodial	\$	20,952.00
A11	AZ Municipal Risk Retention Pool	Liability Insurance	\$	125,224.50
All	Arizona Public Employers Health Pool	August Premiums	\$	181,419.20
Airport	C&S Engineers, Inc.	Design of Airport Apron	\$	11,952.10
Gen	Roger Earl	TVR Performer 2016	\$	20,000.00
Utilities	Felix Construction Company	Riverfront Water Reclamation Facility	\$	378,861.77
Gen	Four Peaks Global Inc	Security for TVR	\$	6,804.50
Utilities	Hanson Aggregates	Supplies	\$	11,572.27
Airport	Murphy, Schmitt, Hathaway & Wilson	Atty fees	\$	6,268.20
Gen	Peaks Pro Group	Audio for TVR	\$	32,560.00
Gen	Robert Ingram or Melody Crafter Music	TVR Performer 2016	\$	17,000.00
Gen	San Diego Police Equipment	Speer Lawman 9MM	\$	5,171.25
Capital	Drainage Master Plan	Drainage Master Plan	\$	17,556.00
Gen	TEK Fitness Distributors LLC	CRC Maintenance	\$	5,672.23
Utilities	TransAM Trucking Inc.	Biosolids Hauling	\$	5,026.33
TOTAL			\$	1,532,399.32